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Japan

Hills' Criticism of Slow Microchip Sales Viewed

OW0508040592 Tokyo KYODO in English 0349 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—The Ministry of International Trade and Industry (MITI) on Wednesday defended Japanese efforts to boost purchases of foreign semiconductors in the face of renewed U.S. criticism of the sluggish pace of foreign penetration of the market here.

"We, together with the industry, have done all we could" to improve foreign access to the microchip market, a MITI official said.

U.S. Trade Representative Carla Hills warned late Tuesday that Washington will take "additional actions" unless substantial improvement is made on semiconductor trade.

Her remarks came after a U.S. Government report said that efforts by the Japanese Government and industry have not so far resulted in sufficient progress.

The report said foreign makers' entry into the Japanese microchip market remains stagnant, especially since late 1991, with the foreign share now accounting for only 14.6 percent, far short of the 20 percent share the U.S. industry wants to see achieved by the end of the year.

Hills' remarks on "additional actions," however, failed to cause much stir in the ministry.

"She didn't specify what actions to take. I think (the remarks) are relatively moderate," said the official, who spoke on condition of anonymity.

The MITI official denied that the government will ask for fresh efforts from the Japanese semiconductor industry, which he said has done its best despite the economic slump.

Meanwhile, representatives of the Japanese industry regarded the U.S. report as disappointing, with many believing there is little left for them to do.

"We have done whatever we could, like setting up tie-ups with U.S. makers," an official of NEC Corp. said.

A Hitachi Ltd. Spokesman said, "we have been making efforts to help boost foreign microchip sales with a sense of urgency, though now is very difficult to do so, especially for smaller companies."

"We want the U.S. to wait some more time for the effects of our efforts to emerge," he said.

The Electronic Industries Association of Japan, meanwhile, expressed concern over the U.S. conclusion that sufficient progress has not been made in Japanese purchases of foreign chips, insisting that "significant progress" has been made over the past several years.

Nobuo Kanai, chairman of the association's Committee on Foreign Semiconductor Procurements, reaffirmed the Japanese commitment to buy more foreign chips, but urged foreign chip suppliers to make more efforts to boost their sales in Japan.

"The most important task lies in how effectively both users and suppliers utilize the opportunities before them," Kanai said in a statement issued in English.

Kanai pointed to a series of emergency measures taken by Japanese chip users to boost purchases of foreign chips, mostly those made in the United States, and noted that it is "too early to assess the results of the emergency measures."

"Only through mutual efforts by users and suppliers, including small and medium-size suppliers, will we see effective improvement in market access," he said.

Russia's Poltoranin Discusses Territorial Issue

OW0508103292 Tokyo KYODO in English 1015 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—Russian Deputy Prime Minister Mikhail Poltoranin warned Prime Minister Kiichi Miyazawa on Wednesday that pushing for a resolution to a 47-year-old territorial dispute could backfire, a Foreign Ministry official said.

"President (Boris Yeltsin) does not want criticism that he is acting under pressure," Poltoranin was quoted as telling Miyazawa in a 50-minute meeting at the prime minister's official residence.

His comments come one week after Yeltsin came under pressure from members of parliament to delay the visit, slated for mid-September, and to avoid making territorial concessions.

Miyazawa acknowledged that, since Russia now respects freedom of expression Yeltsin would have to take into consideration public opinion, the official said.

But Miyazawa added he hoped the president would forge ahead with creating a "new relationship," the official said.

"I understand his difficulties as a politician, but we should make efforts to have historic talks as we work for better mutual understanding," Miyazawa was quoted as saying.

Miyazawa reiterated that if Russia accepts the principle of Japanese sovereignty over the islands, Tokyo is prepared to take a flexible stance on the timing and conditions for their return, the official said.

At issue are the islands of Etorofu, Kunashiri, Shikotan and the Habomai Islets, which were seized by the Soviet Army at the end of World War II.

Without a solution, Japan maintains it cannot enter a peace treaty or make available major financial assistance.

Poltoranin told Miyazawa that Yeltsin intends to heed a 1956 Japan-Soviet joint declaration stipulating return of

the two smaller islands, Shikotan and the Habomai group, "in order to remove bilateral relations from the shadows," the official said.

Yeltsin "has chosen to take a position based on law and justice," Poltoranin was quoted as saying.

Poltoranin reported that Yeltsin is in the midst of formulating proposals for his visit, which he said would include items on economic cooperation and Russian high technology, the official said.

The official said he believed the reference to advanced technology includes space exploration know-how.

In reply, Miyazawa said that solving the territorial issue and entering a peace treaty are the most important matters facing the two nations, the official said.

Poltoranin arrived Monday on a six-day visit that is to include a visit to Okinawa, Japan's southernmost prefecture, where he hopes to learn about the effects of the 1972 reversion of the islands from the United States.

Says Solution May Pacify Region

OW0508132192 Tokyo KYODO in English 1311 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—Russian Deputy Prime Minister Mikhail Poltoranin suggested Wednesday that resolution of the territorial dispute between Japan and Russia could promote demilitarization of the Asia-Pacific region.

Poltoranin told a press conference at the Japan National Press Club that Russia's unilateral military cuts in the region could lead concerned nations to rightfully demand a revision of the U.S. military presence.

Russia is withdrawing some of its troops from the four disputed islands off Hokkaido, Japan's northernmost main island.

Poltoranin also said it is desirable for the U.S. to join in negotiations to solve the Russia-Japan territorial issue "as the third partner."

Japan has long called for the return of the islands—Etorofu, Kunashiri, Shikotan, and the Habomai group of islets—seized by the former Soviet Union at the end of World War II, and has refrained from signing a peace treaty or giving full-scale economic aid to Russia until the territorial issue is resolved.

The vice premier will stay in Japan until Saturday to help prepare for Russian President Boris Yeltsin's visit to Japan in mid-September.

On his scheduled visit Thursday to Okinawa, Japan's southernmost prefecture, Poltoranin said he is interested in the island group because it "underwent the historical ordeal" of being returned to Japan.

The U.S. returned Okinawa to Japan in 1972 after occupying it since the end of World War II.

He said it is natural for Russia to study the Okinawa reversion in attempting to solve its territorial dispute with Japan.

Poltoranin declined to comment on questions as to whether Russia is ready to admit Japan's sovereignty over the four islands, saying, "it is a matter President Yeltsin should answer."

He said Yeltsin will decide on the dispute when he comes to Japan with a package of new proposals.

He also gave an assurance Yeltsin will visit Japan in September as scheduled. "There is no delay at all."

Touching on bilateral economical issues, Poltoranin called on the Japanese private sector to increase its investment and technical assistance in converting the Russian military industry to that for civilian production.

He stressed the need for the Japanese Government to extend its guarantee to private sector investment in Russia, which he said will be one of the issues in talks between Yeltsin and Prime Minister Kiichi Miyazawa.

He reiterated requests that Japan extend economic aid to Russia without linking it with the territorial problem.

Miyazawa Optimistic About Emperor's China Visit

OW0508092892 Tokyo KYODO in English 0915 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—Prime Minister Kiichi Miyazawa expressed confidence Wednesday that Japan and China can work out differences over Japan's peacekeeping legislation and other key issues to realize Emperor Akihito's proposed trip to China later this year.

Miyazawa made the optimistic assessment of the trip in a meeting with top advisers of the ruling Liberal Democratic Party, officials said.

They said Miyazawa briefed the advisers on Chinese reaction to the United Nations Peacekeeping Cooperation Law and the territorial dispute over the Senkaku Islands, as well as a possible expression of apology by the emperor for Japanese military aggression against China during World War II.

"I had anxieties (over these issues) but I have received assurances to clear (them)," Miyazawa was quoted as telling the advisers, including former Prime Ministers Zenko Suzuki, Yasuhiro Nakasone, and Noboru Takeshita.

Nakasone reportedly urged Miyazawa to exercise caution in setting a date for what would be an historic visit by the emperor.

Miyazawa responded that the two countries have not reached agreement on the itinerary and his cabinet has

no plans to make a formal decision on the matter at a scheduled meeting next Tuesday, the officials said.

Ministry Welcomes France's Accession to NPT

OW0408115292 Tokyo KYODO in English 1144 GMT 4 Aug 92

[Text] Tokyo, Aug. 4 KYODO—Japan on Tuesday welcomed France's accession to the Nuclear Nonproliferation Treaty (NPT) on Monday, a Foreign Ministry spokesman said.

"The accession of France has brought all nuclear weapons states into the treaty. Japan hopes that the nuclear nonproliferation will be further promoted by this," Spokesman Masamichi Hanabusa said in a statement.

"Japan strongly looks forward to further strengthening the nuclear nonproliferation regime toward the 1995 NPT extension conference," Hanabusa said.

Tokyo To Help Nepal Upgrade Airport System

OW0508135292 Tokyo KYODO in English 1232 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—Japan is considering economic aid to Nepal to help prevent air accidents in the wake of the fatal crash of a Thai airliner last Friday, a senior Foreign Ministry official said Wednesday.

"It has always been said that facilities at the airport at Kathmandu were not perfect," the official said.

"We're looking at what can be done in the ministry's Economic Cooperation Bureau," he said.

The ministry will study the installation of equipment for guiding planes to the runway using radio waves when vision is hampered, but if this proves inadequate other improvements will be considered, he said.

The crash on Friday killed 113 people, including 21 Japanese.

Honda To Produce Passenger Cars in Pakistan

OW0508053992 Tokyo KYODO in English 0440 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—Honda Motor Co. said Wednesday it has agreed to establish a joint venture in Pakistan by the year-end to produce passenger cars from around mid-1994.

The joint venture, Honda Atlas Cars (Pakistan) Ltd., will be capitalized at 2 billion yen, with 51 percent paid up by the major Japanese automaker and 49 percent by the Atlas group and other local interests, Honda said.

A production plant will be built on the outskirts of Lahore, for production of 3,000 cars in the initial year.

Honda and the Atlas group are already working together in a Karachi-based joint venture, Atlas Autos Ltd., producing motorcycles.

MOF To Reveal Amount of Bad Loans in Oct

OW0508122592 Tokyo KYODO in English 1125 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—In an effort to allay the growing anxiety about Japan's banking system, the Ministry of Finance (MOF) will reveal the total amount of bad loans afflicting Japan's major banks, ministry officials said Wednesday.

The MOF will make public the total amount of bad loans held by Japan's 21 major banks—city, long-term credit and trust banks—in October, a top-ranking ministry official said.

The step is aimed at alleviating concerns about the health of the Japanese banking system, which some analysts say are one of the main factors depressing the stock market.

The MOF will also provide a preview of bank earnings in the first half of the current business year, which began April 1, the official said.

Japan's banks usually announce their mid-year business reports for the first half in November.

The MOF took a similar step in April, when bank stocks were dumped in the stock market amid a whirlwind of rumors and speculation about the financial problems affecting Japan's big banks.

In the face of surging calls for information disclosure, a government advisory panel on the financial system and the Federation of Bankers Associations of Japan, an umbrella industry organization in the banking sector, are working out standards for disclosing such vital information.

The banking organization plans to start revealing information about bad loans in the reports for business records for the current business year, which ends on March 31, 1993.

The continued weakness of the stock market due partly to lingering concerns about Japan's ailing financial system, however, has prompted the MOF to unveil the information earlier, analysts said.

But the figures about bad loans to be revealed by the MOF will shed little new light on the true scope of Japan's bad-debt problem, analysts said.

"The figures will not reflect the actual situation," because they will probably not include the so-called "restructured loans," said J. Brian Waterhouse, a financial analyst at James Capel Pacific Ltd.

A restructured loan, or renegotiated loan, is a loan in which the original payment terms have been altered due to a deterioration in the borrower's financial condition.

This usually involves extending the loan maturity or lowering the interest rate to avoid foreclosure on collateral assigned by the borrower, or marking off the loan as uncollectable.

The MOF announced in April that the 21 banks held between 7 and 8 trillion yen in loans on which interest payments had not been collected for six months. Approximately 2 to 3 trillion yen of those loans was not fully covered by collateral, it said.

Waterhouse said the figure disclosed in April did not include the restructured loans, such as those to housing loan companies, and that the forthcoming figures are unlikely to include them.

"So I think foreign investors are unlikely to take the MOF figures as absolute," he predicted, saying the figures will not convince them that banks' problem loans "are just what MOF reveals."

"In other words," he said, "Everyone feels the true situation is much worse than the MOF figures."

Estimating that the bad loans are increasing by 1 trillion yen a month, Waterhouse said the ministry's figure for bad loans will probably be 12 trillion to 16 trillion yen.

But, he added, "If one includes the restructured loans, the amount would possibly be double that figure."

Waterhouse said, however, that differences in financial disclosure rules and accounting systems between Japan and the United States or Europe allow Japanese banks to take a long-term approach to their bad loan problems.

So, although it is a high figure and a cause for concern, he argued, "I don't think it is an intolerable figure for the Japanese banking system."

"I think Japanese banks can survive, but it will be a difficult time," he said.

Business Outlook Said To Worsen in Small Firms

OW0508110692 Tokyo KYODO in English 0944 GMT 5 Aug 92

[Text] Tokyo, Aug. 5 KYODO—Business sentiment among small- and medium-size companies worsened in the April-June quarter from the preceding quarter, dragging down a key measurement to a 17-year low, a governmental institution reported Wednesday.

Small Business Finance Corp. said its index of business sentiment among small- and medium-size firms stood at minus 24.5 in the April-June period, the lowest level since the July-September quarter of 1975 when the economy was hard hit by a surge in oil prices.

The index represents the percentage of companies reporting better business conditions minus the percentage reporting otherwise.

The latest reading of the index suggests that small- and medium-size companies are more pessimistic about the business outlook, according to a survey by the institution of some 12,000 such firms throughout the nation.

The survey was taken in late June, before the Bank of Japan's reduction in its official discount rate on July 27.

But an institution official noted that the results of the survey would not have changed substantially even if the survey was taken after the rate cut, pointing out that small- and medium-size firms are more worried about slow sales than interest rate levels.

The latest survey found that business sentiment regarding sales deteriorated drastically in the April-June quarter, with far more companies reporting decreased sales than those reporting otherwise.

The percentage of companies reporting increased sales minus that of the firms reporting decreased sales stood at minus 16.0 in the April-June quarter, compared with minus 7.4 in the January-March quarter.

The percentage of companies saying that it has become easier to obtain funds minus the percentage answering otherwise was minus 12.3.

Sentiment on inventories remains pessimistic. The percentage of companies replying there are excess inventories minus the percentage replying otherwise stood at minus 19.2.

Looking ahead, the institution said, however, that the minus spread in percentage will narrow gradually in the July-September and October-December quarters.

As for overall business sentiment, the institution forecast that business sentiment among small and medium-size firms will worsen in the July-September quarter, but will bounce back slightly in the October-December quarter.

Small- and medium-size companies account for more than two-thirds the nation's corporate activity and are more sensitive to economic trends than major firms.

Consumer Confidence Dips in Apr-Jun Quarter

OW0408065092 Tokyo KYODO in English 0635 GMT 4 Aug 92

[Text] Tokyo, Aug. 4 KYODO—Consumer confidence in the nation's economy deteriorated in the April-June quarter from the previous quarter, a signal that people are less optimistic about the outlook for the future, the government reported Tuesday.

The Economic Planning Agency said its measurement of consumer attitudes showed a more negative assessment among Japanese households of prevailing economic conditions and declining optimism in expectations for the coming six months.

In the latest reporting quarter, the agency's index of consumer confidence edged down 0.4 percent from the prior

quarter to a seasonally adjusted 42.3 due chiefly to slow income growth and rising concern about employment.

The index rose 1.2 percent in the January-March quarter for the first gain in three quarters.

The index is considered a barometer of the economy and is based on a survey of 5,040 households throughout the nation, with 5,034 responding to questions on such things as income growth, the outlook for jobs, and durable goods-buying plans. The survey was conducted June 15.

Falling confidence indicates that consumers would slash their spending, which accounts for more than half the nation's economic activity.

Regarding purchases of durable goods, the survey found that the portion of households having purchased durable goods fell 5.3 percentage points to 56.0 percent, despite a slight improvement in consumer attitudes toward when to buy such goods.

The agency said decreased purchases of cars, audio-visual equipment, and household goods are to blame for the decline. The survey covered 28 durable goods, ranging from new cars to personal computers.

North Korea

'Delaying Tactics' on Implementing Accord Decried

SK0508054692 Pyongyang KCNA in English 0507 GMT 5 Aug 92

["Undisguised Delaying Tactics"—KCNA headline]

[Text] Pyongyang August 5 (KCNA)—At the contact of members of the North-South Military Subcommittee on August 3 the North side brought up an amendment generously taking in even the South side's argument in order to work out an annexed agreement. But the South side came out without any amendment and categorically turned down the North side's amendment and insisted on its former unreasonable argument.

Commenting on this, a NODONG SINMUN analyst today says this cannot be viewed as an act of those honestly committed to nonaggression.

The analyst goes on:

That day the South side refused to accept even the hardcore provisions for ensuring nonaggression contained in the North side's draft of annexed agreement, such as the provision of refraining from arms buildup in the area of the Military Demarcation Line, the provision of not joining a third country in the use of armed forces and a policy of blockade against the other side. This shows that they approach the question of implementing the North-South agreement with an undisguised delaying tactics.

By the way, the South side insisted on specifying in the annexed agreement something which cannot be seen in the nonaggression province of the North-South agreement and also argued for inserting the provisions which they themselves had withdrawn and written off when adopting the North-South agreement. This was motivated by their insidious aim to delay discussion on the drafting of the annexed agreement on all acounts.

We cannot overlook the perfidious act of the South side which, while talking volubly about the implementation of the North-South agreement, is actually trying to block it.

The South side must discard the outdated concept of confrontation and approach dialogue with the North side for the arrangement of an annexed agreement with a sincere stance, instead of paying lip-servce to the "implementation of the agreement.

ROK's Recent Arms Purchases Criticized

SK0508045692 Pyongyang KCNA in English 0426 GMT 5 Aug 92

[Text] Pyongyang August 5 (KCNA)—The South Korean "Defence Ministry" on August 3 decided to purchase 12 CN-230 medium-size transport planes worth 168 million dollars from Spain, according to a report from Seoul.

Earlier, at the end of july, the South Korean authorities decided to buy a large quantity of combat equipment including 37 AH-64 attack helicopters and 775 hellfire missiles from the United States. In January this year, they signed with France a contract on the purchase of 1,000 million franc-worth Mistral missiles.

By continuing to introduce large quantities of combat equipment not only from the United States but also from other capitalist countries, ignoring the nonaggression commitment in the North-South agreement stipulating a phased arms cut involving the removal of mass destruction weapons and offensive capabilities, the South Korean authorities openly reveal their ulterior intention to achieve "unification by prevailing over communism" through military confrontation with the North.

The South Korean authorities must stop the reckless arms buildup and take a sincere attitude toward the implementation of the North-South nonaggression commitment stipulated in the North-South agreement.

Analyst Reviews U.S. Role in Korean Talks

SK0408052592 Pyongyang KCNA in English 0448 GMT 4 Aug 92

["Anachronistic Attempts To Wreck Inter-Korean Dialogue"—KCNA headline]

[Text] Pyongyang, August 4 (KCNA)—Subcommittee meetings of the North-South high-level talks to implement the inter-Korean agreement and joint declaration on denuclearization and Red Cross working-level contacts have been held between the North and the South recently, but without success due to the insincere stand

of the South side under the behind-the-scene manipulation of the United States, says a NODONG SINMUN analyst today.

He cites facts proving that the United States has engineered the South Korean rulers behind the scenes to break up dialogues with anti-communist confrontation rackets in a calculated way whenever the Korean nation's desire for reunification was running to a high tide and signs of detente were showing with the arrangement of dialogues between the North and the South.

The analyst says:

In the early '70s, when the historical July 4 North-South joint statement was published and a dialogue arranged between the North and the South to implement the agreed points of the joint statement, the United States encumbered it and drove it to a collapse.

Acting upon directives from the United States, Pak Chong-hui published the "June 23 Special Statement" in 1973 declaring it a policy to create "two Koreas," thereby reducing the July 4 North-South joint statement to a blank sheet of paper and foiling all the dialogues.

The U.S. moves to scuttle inter-Korean dialogues continued in the '80s.

In 1984, relief goods from the people in the northern half of the country were conveyed to the South Korean flood victims and exchange of Red Cross art troupes and home-visiting groups between the North and the South was made for the first time in the history of national division on the occasion of the 40th anniversary of national liberation. But the U.S. imperialists abhorred it and kicked up a row of confrontation and war intentionally to aggravate the situation, dampening the Korean nation's ardent desire for reunification.

In recent years the United States has set the South Korean authorities on to anti-communism and confrontation.

Although the high-level talks were arranged between the North and the South and, subsequently, an agreement on nonaggression and a joint declaration on denuclearization were adopted and brought into effect and are now in the stage of implementation, the United States is deliberately creating difficulties in the way of North-South dialogues, urging the South Korean authorities not to make haste but to "shelve" the implementation of the agreement and joint declaration on denuclearization.

Its attempts to wreck the inter-Korean dialogues are, however, anachronistic.

The United States must look squarely at the trend of the times and renounce its anachronistic Korea policy, stop interfering in the reunification question of our nation any longer and refrain from encouraging the South Korean authorities to division and confrontation.

Japan's Investigation Into Comfort Women Berated

SK0508113392 Pyongyang KCNA in English 1044 GMT 5 Aug 92

["Nothing Can Conceal Hideous Crimes of Japanese Imperialists"—KCNA headline]

[Text] Pyongyang August 5 (KCNA)—The Japanese Government in recently published "results of investigation" into the problem of the "comfort women for the army" during World War II stated that it "is impossible to confirm" exactly how many women had been taken away from the Korean peninsula as "comfort women" and through what channels.

Commenting on this, NODONG SINMUN Wednesday says: This is not an attitude to honestly repent of the crimes committed by the Japanese imperialists in the past but, in essence, a foolish attempt to cover up the heinous sex violations by them.

In his article headlined "Nothing Can Conceal Hideous Crimes of Japanese Imperialists," Dr. Yim Chong-sok declares that it was an organised crime conceived by the then Japanese Government and committed by the military that they drafted Korean women by force and offered them to the "imperial army" as sex slaves.

The materials recently dragged into the light of day prove this irrefutably, he said, and cotinued:

Materials found in the library of the Hygienic School of the Japanese ground "Self-Defense Force" some time ago disclose that a "recommendation" for the setting up of "comfort houses" was submitted as VD [veneral disease] cases grew fantastically in number in the units of the Japanese imperialist aggression army in the period from August 1918 and January 1920.

And a document was found in the archives of the Japanese Defense Agency this year, which was sent to the command with the request of a staff officer of the Japanese Army stationed in North China to set up "comfort houses" in a short time to mitigate the anti-Japanese feelings mounting due to the rape committed by Japanese soldiers. These "recommendations" were sent to the Japanese War Ministry to be put together and reported to the government. And the government officially endorsed them.

The drafting of "comfort women for the army" was under the charge of the "Labor Service Bureau of Great Japan" and when the command of the Japanese Army demanded them, the local branches of the "Labor Service Bureau" issued "orders" whereby to take away Korean women.

That the drafting of "comfort women for the army" was an organised crime and the then Japanese Prime Minister Tojo was involved in it was proven by a telegram send by the Japanese Army commander in Taiwan to the prime minister on March 12, 1942, which was found in Tokyo in January this year.

Noting that some 200,000 Korean women were whisked away as "comfort women for the army," the author cites the testimony of Tetsuo Asaiku who was an army sergeon of a unit of the Japanese imperialist aggression army stationed in Shanghai and the fact that the government-general of Korea issued an order to draft Korean women at the request made by the operational staff of the Kwantung Army to the General Affairs Bureau of the government-general for sending 20,000 "comfort women" before Japan provoked the Pacific war.

The author says:

This is the fact. But the Japanese Government is trying to hush up the issue, not clearly confirming the forcible draft of "comfort women" and their number. This reveals its brigandish nature and is a ruse to evade a full and adequate compensation to the victims.

Comfort Women Compensation Committee Formed

SK0308160492 Pyongyang KCNA in English 1520 GMT 3 Aug 92

[Text] Pyongyang August 3 (KCNA)—Brutal violations of human rights by Japan during the Pacific war including the problem of "comfort women for the army" have been brought to light recently to the consternation of the world people.

In Korea, former "comfort women for the army" and victims to the Pacific war are now denouncing the inhumane crimes committed by Japan in the past and earnestly calling for settling their grudges. Hearing what they say, the Korean people find it hard to repress towering national resentment.

A proper solution of the problem of compensation to the victims of the Pacific war including the problem of the "comfort women for the army" is an important issue in the liquidation of the past between Korea and Japan and the establishment of good-neighbourly relations on that basis.

In response to the earnest demand of the people, the Committee for Measures on Compensation to "Comfort Women for the Army" and Victims to the Pacific War was inaugurated on August 1 as a public organisation to push the just demand of the "comfort women for the army" and other victims to the Pacific war.

Its chairman is O Mun-han and vice-chairmen and permanent members are authoritative historians, jurists, lawyers and personages of other circles.

Importance of Chong Chun-sil Movement Stressed

SK0208055692 Pyongyang Korean Central Broadcasting Network in Korean 0008 GMT 30 Jul 92

[NODONG SINMUN 30 July editorial: "Let Us Press Ahead Vigorously With the Chong Chun-sil Movement"]

[Text] It is our party's consistent policy to pay high tribute to exemplary deeds and to help everyone learn from them. Our party has promoted the Chong Chun-sil movement. It has led functionaries to fulfill their missions as the people's faithful servants and as the masters responsible for the people's lives by learning from Comrade Chong Chun-sil's exemplary deeds.

The dear leader Comrade Kim Chong-il has noted: All functionaries should enthusiastically learn from Comrade Chong Chun-il's exemplary deeds. They should think of upholding the leader [suryongnim] who has granted great benevolence to everyone. They should also think about how to fulfill their duties as sons and daughters day and night. They should be genuine functionaries who can do any kind of work that makes the leader happy under any circumstances.

Learning from Comrade Chong Chun-il's exemplary deeds is important in preparing functionaries to be chuche-type communist revolutionaries faithful to the party and the leader. Learning from Comrade Chong Chun-il's exemplary deeds is also important for improving work method and style as well as in doing work as the people's faithful servants and as the masters responsible for the people's lives.

As is widely known, Comrade Chong Chun-sil is the chuche-type communist revolutionary who struggled by devoting everything to the party, the leader, the fatherland, and the people. She is a genuine servant of the people. She has performed the party's policy through thick and thin. Her noble ideological and mental trait of devoting herself to the people is a brilliant example of how revolutionary fighters should live and struggle to uphold the party and the leader.

In hearty response to the party's intent, our functionaries and working people have vigorously and emotionally promoted the work to learn from Comrade Chong Chun-sil's noble ideological and mental trait and example. Reality confirms the validity and vitality of the party's policy to promote vigorously the Chong Chun-sil movement.

In the course of vigorously promoting the Chong Chun-sil movement, our functionaries and the party members and working people in the commercial service fields have been enthusiastic and have felt obligated to be loyal and dutiful to the party and the leader. The affirmative contribution to improving the people's living standard by performing the party's line and policy thoroughly are coming into full bloom.

The work to intensify and develop the Chong Chun-sil movement is political. It is important for bringing into full play the superiority and vitality of the socialism of our own style centered on the popular masses. Socialism of our own style is the most superior kind of people's society, in which everything serves the popular masses to the maximum. Actually bringing this superiority into full play is important. To this end, it is important for guiding functionaries in all fields as well as party members and working people in public service fields to perform their roles as public servants for the people according to the party's call, which is Serve the people.

If functionaries, party members, and working people work with a high revolutionary spirit—a party-minded, working class-minded, and the people-minded spirit like Comrade Chong Chun-sil's—they can brilliantly carry out our party's strategic plan to make our people wealthier. Only when functionaries intensify and develop the Chong Chun-sil movement can they accelerate the process of making the people revolutionary and assimilating them into the working class. Only then can they more properly carry out the party's intent to serve the people with devotion.

To promote the Chong Chun-sil movement more vigorously, party organizations and functionaries should first thoroughly understand the importance of the movement. They should command organizational and political work to intensify and develop the movement. Like any kind of work, only when the party organizations at every level realize completely the importance and meaning of the Chong Chun-sil movement and put the great efforts into the movement, can the movement be successfully realized.

We have already taken an important first step toward promoting the Chong Chun-sil movement under the party's wise leadership. If the party organizations firmly stick to and vigorously continue to promote this movement, better results will emerge.

As reality shows, many faithful public servants who work like Comrade Chong Chun-sil have been produced in the units in which the party organizations give party-minded guidance to the Chong Chun-sil movement properly. In addition, people like Chong Chun-il have been the product of our counties and villages.

The party organizations should see to it that the country produces more people like Chong Chun-sil by putting great efforts to developing the Chong Chun-sil movement.

To intensify and develop the Chong Chun-sil movement, which has been initiated properly, the party's organizations should consistently promoted this movement with the high sense of the party-minded responsibility.

The party organizations should grasp the actual situation of the Chong Chun-sil movement which has been promoted in their sectors and units. They should not only strengthen political work but also take substantial organizational measures in order to intensify the movement. To this end, the responsible functionaries of the party should acquire the stance and view to implement the party's intent to promote the Chong Chun-sil movement. They should frequently sum up and analyze the status of the movement and enthusiastically pay tribute to the exemplary units and functionaries. It is important for them to exchange and generalize their experiences in the movement.

Loyalty and filial duty to the party and the leader are the foundation for learning from Comrade Chong Chun-sil's exemplary deeds. Because Comrade Chong Chun-sil has acquired a firm stance and view on giving great pleasure to the party and the leader by devoting everything to the people, her exemplary deeds are valuable.

When work for the people is done well and when the people like the work, the great leader Comrade Kim Il-song, who has devoted everything to the people throughout his life, is very pleased. By following Comrade Chong Chun-sil's exemplary deeds, all functionaries should resolve any issue in which the great leader Comrade Kim Il-song is interested. They should find happiness and pride in being genuine loyalists and filial sons who devote everything to improving the people's living standard.

Functionaries and party members and working people in the public service fields should enhance the role of the public servants. This is important in intensifying the Chong Chun-sil's movement.

Various people-minded policies have been implemented in our country to provide the people with stable and happy lives. Thus, improving the people's living standard depends upon the way guiding functionaries and party members and working people in the public service fields fulfill their duties.

All guiding functionaries and functionaries in the public service fields should always keep in mind that they should put their heart and soul into improving service like Comrade Chong Chun-il. They should also improve their work with responsibility and initiative.

Functionaries and working people in relevant fields should think about what the people want. They should volunteer to work and do a better job for the people. To serve the people more properly under given circumstances, functionaries in relevant fields should think more and work more. Functionaries should bring into full play the revolutionary spirit of self-reliance and fortitude without waiting for favorable circumstances. They should responsibly fulfill their assigned acts of service and duties under any circumstances.

In particular, functionaries in all fields should have a firm revolutionary spirit; a party-minded, working class-minded, and people-minded spirit; and a strong revolutionary will like Comrade Chong Chun-sil. They should stand in the van in the arduous and hard work while overcoming all difficulties. While creating conditions with their own strength, they should be aggressive in their work to make the people wealthier.

They should regard the people's demand and pleasure as their own. Making all efforts and putting their heart and soul into working for the people will lay a foundation for intensifying the Chong Chun-sil movement. Vigorously launching the Chong Chun-sil movement is the firm policy which our party, which has responsibly cared for the people's fate, has declared as important.

Let us all uphold the party's intent and make the whole society flow with the laudable feeling of loyalty by learning enthusiastically from Comrade Chong Chun-sil's noble ideological and mental trait and work style.

Production of 'August 3 Consumer Goods' Lauded

SK0408104792 Pyongyang KCNA in English 1004 GMT 4 Aug 92

[Text] Pyongyang August 4 (KCNA)—A widespread movement for the production of August 3 consumer goods is profusely paying off in Korea.

The output of these goods has increased more than 3.5 times over the past 8 years since the start of the movement.

The housewives' workteams and housewives' public service teams have grown in number, involving hundreds of thousands of women, and the varieties of consumer goods swelled to more than 11,000 in this period.

In recent years, Pyongyang has built hundreds of new consumer goods production bases for cotton, paper and vinyl goods and markedly improved the quality of products.

The output of consumer goods in North Hamgyong Province this year registered a 20 percent growth over last year's figure and their varieties increased by more than 400.

The production in South and North Phyongan and South Hamgyong Provinces and Kangwon Province has grown several times as compared with the initial period of the movement.

In this course, more than 20 units which distinguished themselves in the production of consumer goods took the title of model county (city) in the production of August 3 consumer goods.

The movement started on August 3, 1984 when the dear leader Comrade Kim Chong-il gave highly important teachings on producing large quantities of consumer goods through a massive movement by tapping latent reserves and possibilities.

Various Sectors Experience Production Upswing

SK3007232892 Pyongyang KCNA in English 1500 GMT 30 Jul 92

[Text] Pyongyang, July 30 (KCNA)—An upswing in production has been reported from different sectors of the national economy of Korea.

The iron and steel works in North Hamgyong Province have increased production 9 percent in steel, 3 percent in pig iron and 36 percent in rolled steel in the recent one month or more over the preceding same period. The province has the Kim Chaek Iron and Steel Complex and the Songjin Steel Complex which account for a big share in the nation's iron production.

The mines under the general bureau of ferrous mining industry have lifted the average daily records 40 percent in the removal of overburden, 20 percent in tunnelling and 40 percent in iron ore production up on those at the beginning of the month.

The Tokchon District Coal Mining Complex has cut 230,000 more tons of coal in the first seven months of the year than in the same period last year.

By July 10, the complex had surpassed the results of the same period last year by nearly 10,000 metres each in capital and preparatory tunnelling.

The Sunchon Cement Complex produced in the recent one week 700 more tons of cement on a daily average, 1,000 more tons at maximum, than in the same period last month.

The Hochongang Power Station produced in the first 25 days of the month 10,900,000 more kwh of electricity than last month. The march 17 power station is overfulfilling the daily assignments 18 percent.

* Importance of Developing Local Industry Stressed

922C0189 Pyongyang MINJU CHOSON in Korean 7 Jun 92 p 2

[Article by Choe Chong-hon: "Developing the Local Industry Is an Important Task of the People's Governing Organs"]

[Text] It is an important task to develop the local industry in order to reinforce the nation's economic power and to continuously enhance the quality of the people's life. It is therefore important for the people's governing organs to properly resolve this task.

The great leader, comrade Kim Il-song instructed as follows:

"The functionaries of the county people's committee and the county administrative committee should properly guide the local industrial plants so that the local people can strongly manage their self-supply bases and the committee should properly carry out the organizational work by purchasing and processing agricultural products produced by the farmers at the proper time."

Local industries play a very important role in the economic development of our nation. Our party has already suggested original guidelines to concurrently develop the central, medium- and small-scale local industries based on scientific analyses of the position and the role of the local industry in the socialist economic construction. Our party has always been showing great interest in developing local industries. Thus our local industies have been able to develop continuously based on a strong material and technological base. In every county, local industrial plants have been firmly established and are producing various consumer goods necessary for the people's daily life. The fact that the local industries have been developing rapidly to contribute to the supply of daily increasing demands of consumer goods from the people clearly proves the correctness of the party's policy on developing local industries.

It is an important task of today's people's governing organs to develop the local industry into a new, enhanced level based on previous achievement.

The reason why it is an important task for the people's governing organs to develop the local industries is that, most of all, it should increase the production of consumer goods and enhance the people's life.

The people's government is responsible for the people's life. It is an important duty of the people's governing organs to adequately satisfy the people's various materialistic demands comparable to the demand of social development and to continuously enhance the standard of people's life. It is very important for the people's governing organs to develop the local industry in carrying out this honorable duty.

Unlike the central industry, the local industry produces the people's consumer goods from locally available raw materials and by local labor. Without much investment, therefore, it plays an important role in satisfying the demands of the people's consumer goods.

For rapid development of production, all the production potential of the entire nation should be mobilized and utilized to the maximum extent. We can rapidly increase the production of consumer goods with little extra expense for the labor forces by thoroughly utilizing idle labor and materials, and local raw materials only if we develop the local industry.

Developing the local industry is an effective method of successfully achieving the socialist production goal of satisfying the people's materialistic demands. In socialist society, the people's demands for consumer goods are continuously increasing along with rapid economic development. In order to adequately satisfy the various structures of the people's demands, the goods produced should not only have high quality and be in great quantity but also have variety. Such a demand can be effectively satisfied only if we develop medium- and small-scale local industries, together with large-scale central industries. The medium- and small-size local industries are not only efficient for the production of small quantity of goods but can efficiently utilize a variety of local raw materials with simple production processes due to the proximity of consumers and the local raw material sites. They can also quickly change the production system depending on the change in the demand structure. Therefore, the people's governing organs should develop the local industries, which can produce variety of goods suitable for local characteristics and increases in the local people's demands, in order to sufficiently satisfy the people's demands.

Another reason why it is an important task of the people's governing organs to develop the local industry is that it will make a strong, self-sufficient economic base.

It is the responsibility of the people's governing organs to manage the local economy without outside help. In order to adequately carry out this responsibility, they have to maintain a strong local economy by developing the local industry in an integrated manner. Developing the local industry plays an important role in maintaining a strong local economic base. The role of local governing organs is enormous in developing the local industry.

In order to manage the local economy without outside help, they should have various aspects of the economy and overcome the one-sidedness and backwardness of the local economy. In order to do so, they should develop the local industry. Developing the local industry can enhance various aspects of the local economy and prepare a strong economic basis for the self-sufficient local economy. The development of local industry plays an important role in developing other parts of the economy. An integrated development of the local economy can only be accomplished by reinforcement and development of the local industry. Thus the development of the local economy enhances the socialist labor productivity, guarantees the rapid development of production, and provides an advantageous position that helps maintain the rapid speed of socialist expanded reproduction.

Developing the local economy also plays an important role in enhancing the level of agriculture to the level of industry.

Even after the socialist system has been established, the ideological, technological, and cultural backwardness inherited from the old society still remains. Thus the backwardness of rural areas compared to the urban may still exist as before. Rural backwardness compared to the urban areas results from the relative weakness of the material and technological basis of agriculture compared to the industrial, the lower cultural level of farmers compared to urban citizens, and the lower ideological and conciousness level of farmers compared to workers. In order to improve the relative backwardness of rural areas and to reduce the gap between rural and urban areas, we have to reinforce the materialistic and technological basis of rural economy and to convert agriculture into industry, on the basis of enhancing the guiding role of the industry. An important aspect in converting agriculture into industry is to provide a great impetus to the development of local industry, together with providing more modern agricultural equipment by developing the heavy industries. Developing the local industry can bring the industries closer to agriculture in reinforcing the link between the two. It can also raise the agricultural level to the industrial level in a short period of time by spreading the advanced enterprise management method to the rural areas.

It is our responsibility to make even greater progress in the production of the people's comsumer goods by thoroughly achieving the revolutionary principle of light industry that the party suggested to us. In order to achieve this honorable task, we have to continuously make an effort, as we used to in the past, in developing the local industry.

Local industries are guided and managed by the local governing organs. It is, therefore, a very important task to develop the local industry to enhance the function and role of the local governing organs.

Local governing organs should hold high the party's intention to provide our people with more abundant and happy lives. They should also normalize the production at a high standard by modernizing the local industry and by continuously improving enterprise management. Thus we have to enhance the standard of the people's material and cultural life and display the superiority of socialism in our own style.

* Benefits of Staggered-Production System Detailed

922C0101 Pyongyang MINJU CHOSON in Korean 12 Jun 92 p 3

[Article by Chon I-song, director of the Electric Power Industry Committee: "An Important Problem in Laying the Groundwork for a Staggered-Production System"]

[Text] Electric power is the basic motive force of modern industry, and the demand for it increases continuously as the scale of the nation's economy increases and production and construction accelerate.

If we are to satisfactorily fill the demand for electric power, it is important to continue to construct new electric power generating stations, but it is no less important to conserve electricity and utilize it effectively.

One way not to waste electric power and to utilize it effectively is to do a good job of organizing staggered-production.

The dear leader Comrade Kim Chong-il noted as follows:

"We should see to it that the groundwork for a staggered-production system is laid in factories and enterprises."

Organizing staggered production refers to switching production among production units.

A staggered-production system is by no means established just because electric power is tight. It should be established when electric power is abundant as well.

Increasing production by conservation is the consistent guideline that our party is setting forth in socialist economic construction.

The electric power generation capacity and electric generation output of power stations that are being constructed and operated throughout our country in accordance with the party's policy of building a chuche-oriented electric power base is outstanding.

If we do a good job of organizing staggered-production, it is possible to satisfactorily guarantee the growing demand for electricity with the electric power now being produced and supplied and to carry out much more production and construction.

Organizing staggered production rationally guarantees the electric power load factor.

Rationally guaranteeing load factor is one of the important problems that arises in the effective utilization of electric power.

A rational load factor is a prerequisite that guarantees normal voltage and frequency. The smaller the disparity between the maximum electricity consumed in unit hours and the average electricity consumed. the more successfully a rational load factor is achieved.

If the disparity is severe and the load factor cannot be properly achieved, voltage and frequency drop and machinery and facilities cannot perform to their peak or they malfunction.

By switching and carrying out production among machines and facilities, a staggered-production system dramatically reduces the gap between maximum consumption per unit hour and average power consumed, thereby rationally achieving the load factor.

A staggered-production system eliminates the waste of electricity.

An important thing in eliminating the waste of electric power is not to exceed the consumption standard.

Because it is possible to consume electric power only during certain hours, by setting up a staggered-production system we can thoroughly prepare the work and greatly raise production by putting out horsepower in the alloted time. Therefore, we can produce as much electricity as we have to use and properly maintain power consumption standards.

Because it provides an appropriate load factor and greatly impacts on power waste, a staggered-production system is an important method for more usefully consuming the electric power produced for the country's economic development.

Under the wise leadership of the party, the superiority and vitality of the staggered-production system is being greatly demonstrated through actual application, and when we plan and organize it well it is one of the important keys to soiving today's electric power problems.

Rationally setting the work times of factories and enterprises is a priority requirement for organizing a staggered-production system.

Only by rationally fixing work hours is it possible to stagger production among factories and organize and carry out the production process.

Here the important thing is to switch work hours between nighttime and daytime among the factories and enterprises that do not have perform continuous processes.

If we set work hours like this and supply and consume electricity so as to coincide with those work hours, it will be possible to ease the strained electric load while satisfactorily guaranteeing the electric power necessary for production. In addition, factories and enterprises will

be able to effectively organize and expedite production so as to utilize the electricity to the maximum in the hours it is supplied. This will enable them to more effectively put a stop to the waste of electricity. Here alone we can obtain a fair amount of saved electric reserves.

To this end, we should conclude power supply contracts by objective, according to work hours, and implement them without fail.

In planning and carrying out a staggered-production system it is important to do a good job of organizing internal staggered-production in factories and enterprises where continuous processes are performed.

An internal staggered-production system is is one in which production is switched and carried out among workshops, among workteams, and among facilities.

Important factories and enterprises where continuous processes are carried out—such as iron mills, steel mills, and refineries—account for a big share of the electricity consumption. Therefore, conserving electric power and utilizing it effectively here has great significance in solving the overall power problem. If we do a good job of setting up an internal staggered-production system in these factories and enterprises, we will be able to save much more electric power than previously.

If we want to do a good job of organizing an internal staggered-production system, we should concretely grasp the characteristics and production capacity of workshops and workteams and facilities and the order in which they carry out their production processes. Based on such an understanding we should have them stagger their production and properly adjust the operating hours between facilities such as electric furnaces, rolling machines, electrolyzers, and polishers, while ensuring that the different work times among shops and workteams do not interfere with the overall production process.

To do an effective job of organizing a staggered-production system, we should heighten the role and responsibility of electric power distribution organs.

Work hours are power-supply hours, and how staggered-production is carried out depends no less on how power supply organs respond.

Electric power supply organs should accurately understand and record work times according to the staggered-production system by objective. They should also thoroughly establish the discipline of guaranteeing only the given amount of electricity at the assigned time. In addition, by frugally managing transmission and transformer facilities and preventing accidents and raising the voltage phases, they should make sure that staggered-production systems that have already been established do not become snarled and that nothing happens to hinder factories and enterprises from properly achieving their production capacity.

How we perform staggered-production oganization is in the final analysis a matter of point of view and attitude in dealing with the nation's housekeeping.

Only when functionaries take a firm posture as the masters of the nation's housekeeping is it possible to use their minds and work assiduously to conserve electricity and consume it efficiently by successfully establishing a staggered-production system.

Functionaries of all sectors of the national economy should deeply understand the importance and significance of the staggered-production system and turn their regular attention to its implementation and responsibly solve problems that arise in a timely manner.

Thus, with the electric power we are now producing, we should actively contribute to further strengthen and develop the nation and to accelerate socialist economic construction to the maximum and continuously raise the people's standard of living.

South Korea

S-N Political Subcommittee Meeting Detailed

SK0508091092 Seoul YONHAP in English 0857 GMT 5 Aug 92

[Text] Seoul, Aug. 5 (YONHAP)—South and North Korean officials met at Panmunjom Wednesday to discuss the adoption of an auxiliary agreement on reconciliation.

In their third contact, the members of the Political Subcommittee of the South-North prime ministers meeting failed to narrow their differences.

They decided to hold a fourth and final contact Aug. 19 and to refer its outcome to the Subcommittee.

They were poles apart on the frame of the auxiliary accord.

The South maintained that the proposed agreement should contain concrete and practical means of promoting reconciliation between the two sides.

The North insisted that the accord should cover broad items with the resolution of details left to the Subcommittee.

An official at the office of South-North dialogue said the North made assertions that were in total breach of the basic South-North agreement.

"In connection with the question of changing the state of armistice into a state of peace, the North insisted that the South couldn't become a party to a peace agreement that would replace the truce agreement, which they argued should be signed by the United States and North Korea," the official said.

Daewoo Chairman To Meet Kim Tal-hyon in Moscow

SK0308083792 Seoul CHOSON ILBO in Korean 3 Aug 92 p 2

[Text] It has been learned that Kim U-chung, chairman of the Daewoo group, left for Russia on 1 August and will secretly meet with Kim Tal-hyon, North Korean vice premier and chairman of the External Economic Committee, in Moscow on 4 August.

A Daewoo group official on 31 July disclosed: The purpose of Chairman Kim U-chung's visit to Russia is to discuss the construction of a natural gas pipeline from Siberia to the Korean peninsula. However, on his itinerary is a meeting with Vice Premier Kim Tal-hyon, who recently visited South Korea.

The Daewoo official said: The Nampo industrial park investigation team which the government decided to dispatch is different in character from the working investigation team promised by Daewoo to the North under the premise of Daewoo participating in the Nampo project. This perplexes the Daewoo group as well as the North. We think that the North side is looking forward to our government's active implementation of trial North-South economic cooperation apart from the nuclear inspection issue.

It has been learned that Chairman Kim and Vice Premier Kim in their meeting are to discuss specific measures for the construction of a gas pipeline through North Korea, a joint venture between the Daewoo Motor Company and North Korea's Sungni Motor Company, participation of Daewoo subsidiaries, such as Sinsong Tongsang and Segye Mulsan, in light industrial business in Nampo industrial park, and employing North Korean manpower in Daewoo's overseas construction projects in such countries as Pakistan.

DLP Plans To 'Railroad' Elections Legislation

SK0508005692 Seoul THE KOREA HERALD in English 5 Aug 92 p 2

[Text] Defying strong objection from opposition parties, the ruling Democratic Liberal Party will soon try to inaugurate the National Assembly's standing committees and railroad a government- proposed bill calling for the postponement of local polls until 1995, Kim Yong-tae, the party's floor leader, said yesterday.

Lawmakers of the main opposition Democratic Party [DP], on the other hand, plan to begin a sit-in in the National Assembly today to block the unilateral passage of those bills.

The minor opposition United People's Party [UPP] has said it would allow the government party to form the parliamentary committees. The UPP, however, has joined forces with the DP to prevent the ruling party from ramming the bill to put off the local elections through the legislature.

Ruling party floor leader Kim said the newly elected National Assembly should be normalized as soon as possible. To this end, Kim said, his party would begin to take steps today.

Kim Yong-ku, the government party's secretary-general, made similar comments.

The secretary-general said that if the formation of the parliamentary panels is delayed any longer, the people would be disappointed.

Opposition leader Kim Tae-chung, meanwhile, urged the ruling Democratic Liberal Party to accept his proposal for a three-way meeting between himself, President No Tae-u and ruling party leader Kim Yong-sam to resolve the local election question.

Kim, leader of the main opposition DP, reaffirmed his position that the three-way meeting is a must to put the National Assembly back on track.

Kim's move came amid signs that the ruling party might form parliamentary committees soon by itself to ram revisions of the local election laws through the Assembly.

In a caucus of party lawmakers, Kim said he wants to meet the President as he is responsible for causing the current political impasse by postponing the local polls.

Controversy between the ruling and opposition parties over the local election issue has paralyzed the operation of the present National Assembly since its inauguration over two months ago.

"I don't understand why the ruling party rejected my offer for talks with the President," Kim said.

Party spokesman Chang Sok-hwa also issued a statement criticizing the ruling party's turndown of the proposal for the three-way meeting. The spokesman charged that the government party is not interested in dialogue and that its rejection runs counter to the principle of parliamentary democracy.

Spokesman Chang demanded that the three-way talks be realized unconditionally.

DLP Allegedly Using NSP To Pressure Buddhists

SK0508101892 Seoul HANGYORE SINMUN in Korean 29 July 92 p 2

[Editorial: "Candidate Kim Yong-sam, Buddhism, and the Intelligence Agencies"]

[Text] The rule-bending and unabashed political operations launched by such intelligence agencies as the Agency for National Security Planning [NSP] seem to have no end. "Pressure on the Buddhist Circles To Support the Ruling Party's Presidential Candidate," the banner headline of an article printed on the front page of the 28 July edition of HANGYORE SINMUN, graphically shows the symptoms of a serious illness suffered by those in ruling power. This is an illness that has taken

such strong hold of those in ruling power that it is impossible to be cured completely.

The news that intelligence agents such as from the NSP are putting pressure on Buddhist organizations, urging them to support the ruling party's presidential candidates, and offering them sweet promises in a bid to make Kim Yong-sam president makes us think of many things. It is common knowledge that those who are known as "intelligence agents" are constantly keeping watchful eyes on the news organizations and dissident groups. However, people who have read for the first time the reports that these intelligence agents have their tentacles stretched even to religious groups no doubt will wonder: Where is President No Tae-u's promise that he would keep the NSP and Defense Security Command [DSC] politically neutral? Why do the employees of the NSP, whose mission is to plan national security, visit religious organizations, including Chogyejong? Why have DSC agents, who are supposed to devote themselves to military security affairs, joined them? What is more, the Chogyejong Secretariat Office is frequented by those from the Metropolitan Police Headquarters, Seoul District Police Department, and even detectives from the Chongno Police Station.

In how many nations among the democratic countries do the intelligence agents keep watchful eyes on religious organizations or visit them frequently? In how many nations does the director of intelligence agency participate in party-government discussions arranged by the ruling party? In how many nations are the agents of military security command involved in the presidential election campaign?

Whenever scandals have affected these intelligence agencies since the inauguration of the Sixth Republic, the opposition parties have urged them, including the NSP, to take their hands off political operations, and the president and the ruling party's leadership have promised to do so. However, the intelligence agents' political operations have become more serious, as if to suggest that they have completely forgotten about the DSC's surveillance over politicians, which was exposed by Private Yun Sok-yang, and about the NSP agents' black campaign against the opposition candidates revealed during the 24 March general elections.

We think that candidate Kim Yong-sam, who takes pride in his 30-year career as an opposition politician, will have acted appropriately if, after seeing the chaotic lawlessness prevalent in our society, he recommends that the government keep the intelligence agents from participating illegally in election campaigns. Nevertheless, we have not heard anything about Mr. Kim Yong-sam making such a recommendation.

The presidential election, less than five months away, has begun, creating a great deal of noise because of religion. Last February, Preacher Cho Yong-ki of the Pure Gospel Church said in his "sermon": Until now, we have heard too many Buddhist wooden clacker sounds coming out of Chongwadae. In the future, Christians should become lawmakers and elders president. By saying so, he drew strong denunciation and censure from Buddhists and people of good sense. A few days later in February, So Ui-hyon, director of the Chogyejong Secretariat, praised Executive Chairman Kim Yong-sam to the skies by describing him as "a person who has made a crucial decision called merging the three parties to save the nation." Thus, he also set off strong protest and criticism within and without Buddhist circles.

During the 1987 presidential election campaign, Executive Chairman Kim Yong-sam publicly stated that if and when he enters Chongwadae, he would see to it that the presidential residence is filled with psalms instead of Buddhist wooden clacker sounds. In this way, he faced an enormous rebellion from Buddhists. It was a bitter experience for him. If he tries to learn from his past wrong, it is good. However, if he considers that his failure to win support from the Buddhists during the 1987 presidential election campaign was due to a slip of the tongue instead of realizing that it was due to his misunderstanding of politics and religion and if he bases himself on this notion to put pressure on the Buddhists, he is making a grave miscalculation.

Freedom of religion is firmly guaranteed in our constitution. Those aspiring to become president can be elected by the voters if they have sovereign rights at their disposal, according to their policy and ideology, decent way of life worthy of humans and a political career, and ability to shoulder the running and management of state affairs, regardless of their religious backgrounds. Candidate Kim Yong-sam should remember this point in particular. The idea that he can win support from the Christians on the strength of his being an elder and can win support from the Buddhists on the strength of operations launched by the intelligence agents is wrong. If he does not entertain such an idea, he should see to it that the intelligence agents stop interfering in Buddhist circles in the party-government meetings.

Daewoo Chairman Reportedly To Start New Party

SK0208072992 Seoul TONG-A ILBO in Korean 2 Aug 92 p 2

[Text] Kim U-chung, chairman of Daewoo Business Group, is reportedly trying to start a new political party, which is of interest to political circles.

A rumor about Kim's intent to start a party secretly has already circulated within and without the political sphere. However, Assemblyman Cho Hong-kyu brought up the rumor in public at a plenary session of assemblymen from the Democratic Party held in the National Assembly Hall on the morning of 1 August, and it thus became an issue.

Assemblyman Cho said that "because Chairman Kim is taking the lead in starting a new political party, great political confusion and crises are expected." He added that "in a land where entrepreneurs are attempting to

become involved in politics," he seriously "senses a crisis for the nation's economy."

In an informal meeting with reporters afterwards, Assemblyman Cho revealed that he heard a detailed story from a person in the academic field about a new political party. He said Chairman Kim appears to be using as a pretext for founding a new political party the idea that new political forces should emerge with fresh, reputable figures as their center. Chairman Kim is reportedly backing an elder in academic circles who was formerly a university president as the presidential candidate for the next term.

Commenting on Chairman Kim's role in the future, he said that chairman Kim will reportedly play only the role of "maternity nurse" behind the scenes. He also revealed that "Chairman Kim has already met with approximately 500 people including 60 National Assemblyman and those in academia in a bid to start a new political party."

A rumor that Chairman Kim was secretly planning to start a party began to circulate in political and financial circles around the first of the year. When contacting Assemblyman Yi Chong-chan, Chairman Kim's high-school classmate (Kyonggi High School) who ran as presidential candidate of the Democratic Liberal Party [DLP], Chairman Kim was reported to have revealed his idea about founding a political party to people in and out of political circles.

With this idea in mind, Chairman Kim contacted members of the existing ruling and opposition parties as well as a broad range of people, including independent assemblymen, members of the Party of the Masses, dissidents, and senior politicians of former opposition parties. When meeting with them, Chairman Kim stressed the need to give birth to new political forces. A concrete outline of the new political party is expected to be presented in September. However, a considerable number of people in and out of politics who actually contacted Chairman Kim appeared not to have faith in the feasibility of a new political party. Therefore, whether a new party will be formed remains uncertain.

Government To Change Agricultural Land Policy

SK0408152992 Seoul YONHAP in English 0812 GMT 4 Aug 92

[Text] Seoul, Aug. 4 (YONHAP)—Senior officials of the government and the ruling party, meeting for talks on the problems of rural economy, agreed Tuesday that land would be made an agricultural promotion area only with the consent of its residents.

They decided to work out ways to help promotion areas, such as priority allotment in selling rice to the government and reducing the farmer's share of the cost in reshaping fields.

Farmers often oppose government attempts to name their land an agricultural promotion area because they fear it will fall in value.

The officials decided to allow non-farmers to own agricultural land if they used it to make farm equipment, concurring that up to 3,000 pyong of arable land outside farming promotion areas can be used for other purposes with approval of the county chief or mayor, up from 450 pyong, as part of utilizing land effectively.

When a factory is expanded, less than 1,000 pyong of arable land can be used if it is reported to the concerned agencies.

State-owned forest leased for planting non-fruit trees may also be used to cultivate fruit trees.

The government will revise the law to put all the decisions made at the meeting into force as soon as possible.

Agriculture, Forestry and Fisheries Minister Kang Hyon-uk represented the government, and Executive Chairman Kim Yong-sam, co- chairmen Kim Chong-pil and Pak Tae-chun, and chief policymaker Hwang In-sog represented the Democratic Liberal Party.

1991 Profits Decrease for ROK Exporters

SK0408153692 Seoul YONHAP in English 0730 GMT 4 Aug 92

[Text] Seoul, Aug. 4 (YONHAP)—Profits shrank for South Korea's exporters despite strong growth last year because of their heavy financing cost, according to the Korea Foreign Trade Association's report on the export industry released Tuesday.

Sales by 1,084 exporters surveyed by the association grew 17.9 percent from a year earlier as the foreign exchange rate increased, while tangible fixed assets increased 16.8 percent after a flurry of facility investment.

Sales grew 15.7 percent in 1990 and tangible fixed assets grew 15.1 percent.

Light industrial goods exporters saw a 14.7-percent increase in sales while exports of heavy and chemical goods rose 19.1 percent.

But the financial structure of companies worsened as the ratio of net worth to total capital declined to 26.8 percent from 29 percent in 1990 because of difficulty in raising business funds in the sagging stock market.

Garment Industry Suffers From Flood of Imports

SK0308051092 Seoul THE KOREA HERALD in English 3 Aug 92 p 8

[By staff reporter Kim Su-yong]

[Text] Korea, once a textile and garment exporting powerhouse, is now turning into an importing country, with the industry beset by sagging sales and rising inventories.

The Korean markets have been dominated by foreign brands, whether produced by local manufacturers or imported.

The market is increasingly being over taken by low-priced products from Southeast Asian countries at a time when many local garment makers are on the verge of bankruptcy caused by sluggish sales and rising inventories.

Public criticism over excessive consumption over the past few years has apparently contributed to reducing imports but there has been a sharp rise in imports of foreign brands so far this year.

The market share of foreign brands is tremendous as local clothing makers are bent on borrowing foreign brands instead of trying to develop their own, as this involves greater risk, industrial analysts say.

Many big-name foreign brand makers, however, have revoked their contracts on the use of trademarks in a move for direct marketing.

Figures compiled by government agencies showed that imports of woven garment products rose 45.8 percent to $35.34 million in the first five months of the year from a year earlier, while that of knitted products increased 60.5 percent to $55.2 million.

In 1990, imports of clothes nearly doubled to $120.38 million and the figure increased 30 percent to $156.65 million last year. There have been signs of a sharp rise for this year also.

Analysts say that such a rise is attributed to a deluge of low-priced products from China and Southeast Asian countries.

In the past, top-class clothes from France, Italy and Britain had taken up the lion's share in the garment import market. Cheaper garments are now taking over, dealing a severe blow to small- and mid-size firms which have posted a growing number of bankruptcies in recent months.

Korea imported $18.74 million worth of clothes from China in the first four months of the year, a whopping 391 percent rise from the same period last year. Imports from Indonesia were worth $6.78 million, up 301 percent from a year earlier.

In particular, knitted products imported from Vietnam and the Philippines rose 2,111 percent and 2,054 percent for the four-month period, respectively.

Local garment firms are bringing in more and more products made by their offshoots in Southeast Asian countries, causing a rise in imports.

In recent years, Korean apparel companies have advanced to the region to utilize cheap labor. The firms are importing products from their overseas plants as the market is limited in the third countries.

Business sources said major Korean makers, including E-Land and Kolon International Corp., brought in $13.04 million worth of garments from overseas plants in the first five months of the year, up 350 percent from the same period of last year.

E-Land, a major Korean maker of low-priced clothes, imported $6.13 million worth under the "Hunt" brand and $2.9 million worth of the "Brentano" brand from its overseas plants in Sri Lanka and China.

Such imports from overseas Korean plants are expected to increase in the years to come, observers say.

The market share of high fashion garments imported from Italy and other advanced countries is small, however.

Italy remains the largest garment exporter to Korea, selling $14.65 million worth of garments in the first four months of the year.

The market share of foreign-made clothes has shown a steady rise in recent years.

About 13 billion won worth of foreign-made products were imported in 1987, making up 0.3 percent of the Korean apparel market scaled at 2,550 billion won.

Their market share rose to 0.9 percent in 1988, to 1.8 percent in 1989, 3 percent in 1990 and 3.2 percent in 1991. The share is expected to reach 4.3 percent this year. The Korean market is expected to expand to an estimated 8.5 trillion won, analysts said.

* Conglomerates Fighting for Business With North

922C0170 Seoul CHUGAN MAEGYONG in Korean 27 May 92 pp 24-27

[Article by Yi Ki-dong: "South Korean Conglomerates Fight for Hegemony for Vested Rights in Business with North Korea"]

[Text] South Korean conglomerates are fighting for the hegemony of economic cooperation with North Korea.

The working-level international trade officials representing various conglomerates held a secret meeting on 8 May at the Korea Chamber of Commerce and Industry. It was unusual that all of those in charge of trade with North Korea from Daewoo, Lucky Gold Star, Samsung, Hyundai, Sunkyong, Hyosung, Ssangyong, and Korea Trade were present at this meeting. The meeting was initiated by Samsung.

Contrary to the purpose of the meeting, it ended after more than three hours of repeated arguments among the participants, with no results.

The meeting which was supposed to be secret became exposed to the public at the unexpected invasion by some newsmen of a broadcasing company. Somebody must have tipped on the meeting.

Samsung, who initiated the meeting, recently distributed detailed minutes and results of the meeting to newsmen.

In that memo, a detailed description of unfair treatment that South Korean conglomerates received from North Korea was disclosed. It was surprising that only Daewoo was not treated unfairly.

The memo distributed by Samsung gave an impression that all the conglomerates accused Daewoo of unfair treatment. Examples of unfair treatment are as follows. Lucky Goldstar failed in its effort to ship 10,000 tons of North Korean cement from the port of Nampo on 20 April without any apparent reason. When the ship was about to leave the port after going through all the necessary procedure, North Korean authorities abruptly insisted that the company change the importer's name to Daewoo, according to Lucky Goldstar. Lucky Goldstar apparently rejected the offer. Lucky Goldstar complained that it had to make a substantial payment for renting the ship from a third country.

North Korea Insists, "Trade Should Be Made Only Through Daewoo"

The Hyosung Group sent a ship to Nampo late last March to load 5,000 tons of cement and 580 tons of zinc ore, for which the company signed an import agreement through a Japanese middleman. Hyosung could not ship the material after all because of North Korea's order on the ground that the ship's final destiny was South Korea.

A similar incident happened to Ssangyong. The company's Hong Kong branch office sent a ship to Nampo to load 10,000 tons of cement, that was agreed upon with North Korea through a Chinese middleman. But the ship returned empty. The reasons: North Korea insisted that the ship should not return to South Korea and that it should have Daewoo's endorsement to return to South Korea. In short, North Korea insists that every shipment should be made with Daewoo's permission.

Samsung also complained that it had a terrible time shipping 3,200 tons of zinc ore and 144 tons of lead from North Korea in February and April. It was because North Korea gave it a hard time on the ground that the ship was headed for South Korea.

Samsung could be able to ship the material, however, by changing the importer's name to Daewoo, according to North Korean demands.

From these incidents, one cannot discard a suspicion that North Korea is considerting only Daewoo as its South Korean trade partner. There is no way of knowing what the real intention of North Korea is.

Many officials engaged in trade with North Korea interpreted the abrupt change in North Korean attitudes as a result of unfair lobbying by Daewoo. This causes some friction among conglomerates. They argue that Daewoo might have some agreements with North Korea in order to monopolize the import of North Korean materials.

There are rumors that Daewoo is giving out information to North Korea through the contacts at its Beijing branch office.

These allegations unanimously charge that Daewoo is trying to grasp the hegemony of trade with North Korea with North Korean assistance. The memo prepared and distributed by Samsung summarizing the working-level meeting among officials engaged in trade with North Korea showed an impression that Daewoo is the target of concerted attack by other conglomerates. On the other hand, some seemed to be suspicious of Samsung's attack. They consider Samsung's effort to include other companies as an attempt to discourage Daewoo's dominance in trade with North Korea.

There are different opinions as to the openness of the meeting that was originally intended to be a secret meeting. Daewoo criticized Samsung for distributing (of its distribution?) the minutes of the meeting to the news media without sufficient consultation with the participants. Daewoo argues that Samsung intentionally leaked the information on the secret meeting to certain news media.

Daewoo and Samsung Blame Each Other

It is known Samsung initiated the meeting in the capacity of the secretary of the trade association. Lucky Goldstar and Hyundai helped Samsung attack Daewoo. Hyundai and Samsung agreed to publicize the minutes of the meeting to the news media. It is known that Lucky Goldstar leaked the information to some news organization.

It was not difficult to understand the severity of the conflict of interest among conglomerates. "Most of the participants in the meeting agreed that since the trade issue with North Korea is a sensitive matter they suggested that the government request North Korea to correct their unfair trade practices, rather than resort to the news media. Samsung and Hyundai, however, suggested warning North Korea through the news media first," according to one Daewoo official.

Hyundai gave an impression that it had discussed the meeting with Samsung even before the meeting was held, according to Daewoo. Daewoo also pinpointed Samsung as the leader of the diversionary move based on the fact that Samsung recorded the meeting.

Daewoo's strategic planning director recently sent a memo to Samsung protesting Samsung's attitude related to the secret meeting. On this memo, Daewoo stressed Samsung's responsibility for the unprecedented recording of the meeting despite some companies' disagreements, and for the distribution of the information that contained Samsung's biased position under the name of the Association of International Trade, a private organization among conglomerates.

It is Daewoo's position that first of all Samsung should be deprived of its chairmanship of the trade association as penalty for causing damages to Daewoo. Daewoo vehemently refutes the allegation that it lobbied its way to monopoly in trade with North Korea as groundless.

Samsung is trying hard to explain its position amid severe attacks by Daewoo. The call for the meeting was

made at the request of member organizations of the association, according to Samsung.

In relation to the disclosure of the meeting's minutes, most of the member organizations wanted to expose the public to unfair treatments by North Korea and to warn North Korea to faithfully fulfill its international agreements, according to Samsung.

Heated Competition Only Hurts Trade with North Korea

Contrary to the opinion of the majority of the conglomerates, Daewoo is maintaining its position that it is not beneficial for the unofficial trade with North Korea to surface to the news media, according to Samsung. One Samsung official disclosed that the member organizations agreed that they establish a "Reporting Center for Unfair Trade Practices" of North Korea in order to cope effectively with North Korea's delay or denials in loading shipment, and changing importer's names. This official also said that the association suggested that the government reinforce its negotiating power with North Korea.

According to government statistics, Daewoo is leading this year's import of raw materials from North Korea. In the case of zinc ore and cement, two leading imports from North Korea, Daewoo's share by the end of April was 75% and 40%, respectively.

Daewoo is leading the trade with North Korea this year. Until last year, Daewoo was among the lowest in trade volume with North Korea following Lucky Goldstar, Samsung, Hyosung, Hyundai, Sunkyong, and Ssangyong.

Daewoo officially claims that this year's imports from North Korea by the end of April has been 25,000 tons of cement and 13,000 tons of zinc ore. This, however, is nothing but the official agreement signed by company chairman Kim U-chung when he visited North Korea early this year, according to the association. This year's total import volume that Daewoo agreed upon with North Korea amounts to 300,000 tons of cement and 60,000 tons of zinc ore.

There is a growing voice within the business circle that an overheated competition among conglomerates ought to be restrained since economic exchange is the first step toward reunification.

Table 1. Status of Importing North Korean Materials (in US $1,000)

Company	1988		1989		1990		1991		Total	
	Freq.	$	Freq	$	Freq.	$	Freq.	$	Freq.	$
Lucky Goldstar			6	4,575	6	1,965	34	26,359	46	32,899
Samsung	1	232	6	2,585	4	2,254	31	17,052	42	22,123
Sorin Matal							9	20,360	9	20,360
Hyosung Trade	1	660	4	2,273	1	512	13	6,977	19	10,422
Hyundai	1	39	6	1,016	9	1,518	1	4,926	21	7,499
Sunkyong			5	3,852	3	1,107	5	2,365	13	7,324
Hyowon Trade							10	6,550	10	6,550
Ssangyong			9	4,314	1	232	2	859	12	5,404
Golden Bell					2	1,625	3	3,601	5	5,226
Taechang Industry							10	1,638	10	1,638
Koryo Trade					2	185	8	1,256	10	1,441
Kolon			3	161	5	97	3	104	11	362

* Changing Financial Industry Examined

* Hasty Reorganization Plan

922C0207A Seoul CHUGAN MAEGYONG in Korean 1 Jul 92 pp 24-26

[Article by reporter Yi Che-kyong: "Inside Story on Hasty Reorganization of Financial Industry"]

[Text] Criticism is focused on the lack of consistency in government policy as the controversy rekindles over the financial industry reorganization issue, despite the fact that actual reorganization has been put off until next year.

In view of the difficulty of settling the reorganization issue, the prevailing view is that the financial industry reorganization plan which first appeared in 1990 is likely to be handed over to the next administration.

Originally, it was expected that local short-term finance companies would be somehow reorganized within this year. But following the government announcement that the reorganization will be postponed until next year, the controversy over the financial industry reorganization issue subsided.

Finance Minister Yi Yong-man's "Yongpyong" statement at the Financial Research Society of Korea meeting regarding bank mergers rekindled the controversy over the financial industry reorganization issue, however. This statement was followed by the 16 June announcement of the Financial Development Deliberative

Council [FDDC] outlining "the direction of financial development." The FDDC plan was shelved two days later under the pressure of public opinion.

Speakers at the FDDC meeting expressed apprehensions about the government plan to establish two or three additional general finance companies in Seoul. This plan aroused doubts in some quarters that the government must be going through the formalities after having already decided who will head the general finance companies to be set up.

Campaign Fund Raising Suspected

The original government plan to establish two or three new general finance companies in Seoul this year in addition to the existing six general financial companies there. The government plans to permit local short-term finance companies to convert to general finance companies next year if they wish, however, because there is no objection to such conversion.

The government's original plan was to receive tentative conversion applications by 31 August this year and choose the tentative awardees of the permits by 30 September.

If the government had set about making preparations to make its decision on the conversion of local short-term finance companies into general finance companies within this year, there would have been no trouble. But the motive of the government in attempting to establish additional general fiance firms in Seoul is not convincing. The problem is that the government attempted to deal with the issue concerning general finance companies ahead of all other reorganization issues when the controversy over the financial industry reorganization issue has not yet been settled. There would have been no criticism if the government had tried to settle the issue from the standpoint of enlarging the scale of general finance companies. The problem is that the government decided to establish additional general finance companies when there was no prescription on the question of how to delineate the business boundaries of financial institutions.

The plan to establish additional general finance companies increased suspicion because it was presented at a time when there was no definite financial industry reorganization plan, such as whether to allow multiple business lines in tune with the worldwide trend or to promote the enlargement of the scale of financial institutions.

The government gave three reasons for adopting the plan for developing general finance companies: First, with the original purpose of raising foreign currency funds in establishing general finance firms fading into the background, the government had to work out measures to keep the financial organization in step with the worldwide trend toward globalization and opening the financial market.

The second reason is that it is necessary to develop general finance companies as financial institutions to provide financial support for small and medium enterprises.

No matter how you look at it, general finance firms can hardly be regarded as financial institutions fit for supporting small and medium enterprises, however. In fact, at the FDDC meeting the opinion was aired that the government's claim is nothing but an excuse to increase the number of general finance companies.

By retreating one step backward the government drew the criticism that its professed purpose of providing support for small and medium enterprises was nothing but a ploy to avoid public criticism against its plan to increase the number of general finance companies.

One might say that the Finance Ministry is just acting like the hostess who is more absorbed in tasting the choice morsels than thinking about how to arrange the food on the dinner table.

Reorganization Took Six Years in Japan

The Finance Ministry's idea of suddenly proposing to promote the establishment of new general finance firms, a very important issue, without bothering about public opinion and of promising to come up with the details later is out of accord with the government's claim that it is seeking "small government."

Reportedly, it took Japan six years to complete the reorganization of its financial industry. It provided forums on 120 occasion to find ideal ways for financial reorganization.

The Japanese approach is basically different from that of our Finance Ministry, which came out with a proposal for the development of general finance companies, promising to announce a definite plan in a week, at a time when no conclusion was reached on which direction the financial industry should take.

Reorganization of the financial industry is an urgent task for various reasons. Few expect that the government, concerned so much about the election, will come up with a suitable plan for the reorganization of the financial industry, however.

There is another speculation that financial restructuring being a very difficult task, the next administration is not expected to accomplish it so easily; and precisely for this reason, the present government may be trying to do something about it, and this may arouse the suspicion that the government is trying to raise campaign funds through financial restructuring.

56 banking organizations have been established since the inauguration of the Sixth Republic. The government wound up this task without trouble, a task that ran counter to the worldwide trend to make financial organizations large-scale. This made the Sixth Republic earn its nickname "the financial republic."

It is time to pool all wisdom to find out what to do about the banks; securities, insurance, and investment trust firms, and lease companies, as well as the recently proposed plan for the development of general finance companies. The government nonetheless should refrain from making its decision overnight on this matter for the purpose of preserving the powers that be.

* Call for Expanded Scale

922C0207B Seoul CHUGAN MAEGYONG in Korean 1 Jul 92 pp 31-33

[Article by Hanyang University Professor Son Chong-sik: "Priority Should Be Given to Increasing Scale of Existing Institutions Instead of Establishing New Ones"]

[Text] The overriding policy tasks confronting our economy today are the promotion of localization and the fostering of small and medium enterprises. Accordingly, the government is now faced with the task of reorganizing the financial industry and redefining the status of financial organizations so that the functions of general financial companies and all other banking organizations may become consistent with the goal of promoting localization and fostering small and medium enterprises.

In addition, the independent right of financial organizations to choose their own management strategies and their own customers who seek their financial services has gained importance with the progress in the opening of the financial market and the deregulation of the banking industry. Under these circumstances, the government and financial industry are faced with the task of providing favorable conditions for facilitating a market-oriented restructuring of the financial industry by gradually moving away from the past government-initiated reorganization process.

The direction of the current government policy concerning general finance companies seems to be focused on allowing newcomers to enter the market. The more urgent problem is that general finance companies are subject to control in raising and managing funds, however.

The current paid-in capital level of general finance companies ranges between 21.5 and 27.5 billion won, considerably low compared with that for other financial organizations. The level is very low, considering the expansion of the business scale in enterprises and the increase of capital and the expansion of the business scope in other financial sectors.

The following figures illustrate the low capital level of general finance companies: As of the end of 1990, the average capital of large short-term finance companies, which are non-bank financial organizations, was 37.2 billion won and the average capital of all short-term finance companies, large and small, was 25.1 billion won; and the average capital of securities firms and city banks was 114.8 billion won and 463.7 billion won, respectively.

The scantiness of capital in general finance companies gives rise to several problems. Their scale of operation is restrained by the scantiness of their capital. This is because enterprises are demanding an increasingly large amount of fund in each case as their scale of transaction increases. In particular, the limited capital of general finance companies is said to be acting as an impediment to business expansion by limiting the availability of financial resources needed to underwrite cooperate bonds.

In fact, speaking of the limit to the total amount of bond surety and liabilities, the limit has already been reached or very little room, if any, is left before reaching it in each company, posing an obstacle to business expansion. This brings about the undesirable effect that the government is restraining credit to credit-worthy financial organizations at a time when the demand for credit is soaring.

Credit to Small Business

With the progress in the globalization of banking operation and the opening of the financial market, the demand of enterprises for credit to shield themselves from risks is expected to increase; and financial organizations need to share the risks with them to some extent. In this case, the capital limitations will limit the risk-bearing ability of general finance companies, however. Particularly in the case of general finance companies with close ties with the international banking industry, it is feared that the restrictions on their capital will stand in the way of securing creditworthiness in the international financial market.

This may cause the undesirable effect that the government restricts credit to creditworthy financial organizations at a time when demand for credit is rising sharply.

The scale of financial organizations is increasing through mergers or capital increases. In view of this, the government made a very desirable move when it took statutory steps last year to pave the way for facilitating mergers among financial organizations. Recently, the government urged local short-term finance companies to convert to general finance companies through mergers, and this, I would say, is a desirable direction. Nevertheless, before establishing new general finance companies, the question of expanding the scale of existing general finance companies should be addressed first.

Considering the advent of the age of localization and the government's policy for fostering mid-standing and small- and medium-scale enterprises, it seems necessary for financial institutions to set up branches to expand financial services for these enterprises as well as for local enterprises. With a growing number of medium-standing and small- and medium-scale enterprises moving into overseas operations in the process of industrial reorganization, there is an increasing need to furnish information on domestic and overseas markets to medium-standing local firms and assist them in their international business operations.

For this reason, the government can either permit general finance companies to set up branches or ease the

restrictions on the establishment of branches, and on a selective basis, allow those general finance companies which expand their business in areas geared to the government's policy goals to have branches.

The government already permitted trust companies to set up branches by changing its long-standing policy. Therefore, permitting general finance companies to establish branches, even with restrictions on their number or locations, seems to be more in keeping with the government's policy goal of assisting small and medium enterprises scattered throughout the country in this age of localization.

Under regulatory control each general finance company is obligated to extend credit to small and medium enterprises at the rate of 25 percent of its total credit. Small and medium enterprises are not concentrated in Seoul but scattered throughout the country; and service, wholesale, and retail industries account for a relatively large percentage in the industrial structure in the Seoul area. Under these circumstances, if the percentage of credit that general fiance companies are obligated to extend to small and medium enterprises is to be increased while they are not permitted to establish branches, then they would have difficulties in finding suitable small and medium enterprises to extend credit to, and this situation may give rise to risky lending.

Bigger Overseas Partners, the Better

Moreover, only those small and medium enterprises which are equivalent to subsidiaries of chaebol or large corporations are likely to receive financial support; and general fiance companies may find various roundabout ways, which are not necessarily illegal, to comply with the mandatory ratio by name only. This would undermine the efficiency of credit operation.

The business of general financing by nature is unfit for providing financial support for small and medium enterprises because of the smallness of their scale. This arouses doubts as to whether increasing the percentage of obligatory lending will really result in strengthening financial support to small and medium enterprises.

The percentage of obligatory lending which is being enforced as part of financial support for small and medium enterprises is unavoidable to some extent given the present circumstances. As far as the direction for the medium- and long-term policy for support to small and medium enterprises is concerned, however, it is more desirable to give economic incentives to general finance companies and other banking organizations so that they may absorb their risk premiums incident to giving financial support to small and medium enterprises, in the form of interest, than to set the percentage of obligatory lending higher.

If it is difficult for existing general finance companies to raise capital at home under the present condition of the domestic securities market, it seems more appropriate first to consider ways to expand their business scale through capital tie-ups with overseas joint investment firms.

As a general opinion, one may say that the business of general finance companies being wholesale lending, a foreign company that will become the partner when a joint financial company is organized must be one that has a seat in an international financial center. But existing general finance companies have already secured such connections.

If additional finance companies are established and these new companies are to bring in foreign partners which are similar to the investment partners of existing general finance companies, it would be difficult to understand why additional general finance companies are needed.

Therefore, new general finance companies to be organized should find their overseas partners among leading financial institutions in the areas into which our firms will advance in the future. This will be beneficial to these general finance companies in expanding their overseas business, and in this sense the creation of new general finance companies will be meaningful.

* Mergers Needed

922C0207C Seoul CHUGAN MAEGYONG in Korean 1 Jul 92 pp 34-35

[Article by Suwon University Professor Kim Tong-won: "Mergers Are Most Desirable in Expanding the Scale To Gain International Competitiveness"]

[Text] In his address (to the 13 June meeting of the Financial Research Society of Korea which he attended as an invited speaker) the finance minister stated that it is necessary to study the question of expanding the scale of financial operations through bank mergers in order to increase the competitiveness of the banking business. This statement is welcome for now in the sense that it has brought the most troublesome issue latent in the banking industry to the surface at the threshold of an age of full-fledged openness.

Before we can say we support bank mergers, we need to examine a mountain of problems involved, however.

The first question we should examine is: Is it essential for our country to have a competitive banking industry in order to become a world-class industrial nation? The merit of examining this question, to which there seems to a ready answer at first sight, lies in that it will clarify the question of whether or not we need to foster a competitive banking industry at any cost. To maintain its national polity, a country needs to take care of things related to national defense and administration on its own. By the same token, to remain a strong industrial state, a country needs an information network on economic activities and an effective network for the distribution of credit necessary to back up the industrial system.

Profitability as Important as Scale

With the globalization of investment and production, our domestic enterprises feel all the more keenly the need for banks with a global range of activity which can effectively support them with information and funds. To become a financial institution with a global range of activity, it is necessary above all to occupy a dominant position in the domestic market. For this reason, to secure competitiveness as an industrial state, our country needs to have at least one bank which is dominant in our domestic market and which is globally competitive at the same time.

The second question is: What is a banking industry with global competitiveness like in concrete terms? A profitable banking industry may be looked upon as such. This is because banks which lack profitability cannot insure the soundness and effectiveness of the banking system, nor can they survive individually. Profitability as referred to here is first secured in the domestic market and then in the international market through competition with other financial institutions under the condition of a completely open financial market.

Clearly, the prevailing tendency in the United States, Japan, and Europe is to expand the scale of banks through mergers in order to increase their competitiveness. Banks are polarizing into large and small banks in terms of size, and into multiple-line operation as in Europe and specialization in terms of their business boundaries.

With the change in the banking environment, profitability has become a more vital factor than the scale in the survival of banking facilities. Nonetheless, changes in the banking environment—such as relaxed control, technical renovation, and integration of financial markets—demand the expansion of scale as a means of securing competitiveness. The relaxation of regulatory controls to allow multiple-line operation and the tightened control over equity capital make the ability to raise equity capital a major, decisive factor in securing the competitiveness of banking facilities. Technical renovation, on the other hand, demands the expansion of scale because of the enormous cost of investment. Technical renovation, at the same time, is accompanied by the expansion of the business network, and this also demands an increased scale of equity capital.

On the other hand, the global integration of financial markets confronts banking facilities with more extensive and varied risks; and to increase the risk-bearing ability, financial organizations need to increase their equity capital. The expansion of scale through merger, therefore, is becoming a worldwide trend. Accordingly, to compete with foreign financial institutions which seek to expand their business boundaries and their scale of operations, it is essential for our domestic banks to expand their scale.

The fourth question is: What conditions are necessary to secure competitiveness through merger? The following effects are expected from bank mergers: economy in computer investment cost; economy on expenses through an effective allocation of manpower and floor space; expansion in the layers of customers; economies of scale resulting from the expansion of scale; an increased risk-bearing ability; and the improved position in the financial industry.

What is needed to reap these results is the condition which will make the banks that have been merged complementary to each other in terms of office networks and operational characteristics. The reason a majority of experts think a merger between the Citizens National Bank and the Foreign Exchange Bank most desirable is that the two banks can be complementary to each other in the domestic and international operations in view of their respective business characteristics.

Internal Difficulties

The most important point that needs to considered is that even if the doubling of the bank assets by merger does not necessarily result in the doubling of the competitiveness. The most important reason for bank mergers is economy in personnel expenses through personnel cuts in the case of the United States, and the securing of a stronger position in the banking industry in the case of Japan. In our case, personnel readjustment is not an easy task, however. Judging from past experience (Seoul Trust Bank), the difficulty in achieving harmony between the personnel of the banks involved in the merger poses a pesky problem because it is the greatest obstacle to a merger.

In order for the expansion of scale through a merger to lead directly to increased economic strength, there must be a remolding of the organizational characteristics thorough an organic mix of the different corporate cultures of the banks involved. To this end, the banks involved need to agree that merger is "an urgently needed strategy for survival" before the merger takes place.

If the government arranges for a merger before the banks voluntarily agree among themselves to merge, the invisible costs will be far greater than the visible effects. The best way for the government to induce voluntary bank mergers is not direct intervention, but drastic and substantive deregulation designed to promote competition among banks and spur them on to make efforts for their own survival before attempting a merger.

The most important point the government needs to bear in mind in building a highly competitive financial industry is that the government should do away with its old government-centered or control-oriented policy thinking and boldly shift the way of approach by market-oriented and consumer-centered policy thinking. If the restructuring of the financial industry is being delayed because banks lack an ability to compete on their own, what the government should do is exert policy efforts to maximize its role of the renovative guide for banks and induce them to make their own "choice for survival" instead of acting like a direct intervenor.

* Bright Future Foreseen for Aircraft Industry

922C0185A Seoul CHUGAN CHOSON in Korean
21 Jun 92 pp 32-33

[By reporter Yi Kon-u: "Aircraft Industry Growing Rapidly; Continues to Record 100 Percent Gain in Annual Sales"]

[Text] Researchers of the Korea Aeronautical Technology Institute, attached to Korean Air, were full of emotion on 30 May. They were just informed that a component part for a large-type jetliner designed by them had been granted type approval by the U.S. Federal Aviation Administration (FAA). As with most high-tech industries, aircraft industry products are virtually meaningless without the type approval of the U.S. agency concerned, however valuable they might be technologically or economically. Therefore, although it drew little public attention, it can be said that the FAA type approval for the Korean Air-designed component part was a triumph of the Korean aircraft industry, both for its present and future.

The component part is the spoiler for MD-11, the latest-model jetliner of Mcdonnell Douglas Corp. As for the advanced MD-11, Korea is importing three of them by year end. The spoiler, attached to the rear of the main wing, is a device to control the speed and balance of aircraft. Passengers seated close to the wing can see the spoiler move at the time of take-off or landing, or when the plane shakes in the turbulent air.

Korean Air designed an improved version of spoiler, on its own. Mcdonnell Douglas has so far built about 100 MD-11's and sold them to various countries; to date it has been using the same spoiler as the one installed in the old MD-10, however. The institute proposed switching the material for it from metal to carbon fiber-based composite material to make the airframe lighter. Through an international bidding, it signed the designing and manufacturing contracts with Korean Air in 1989. As a result, Korean Air plans to supply the spoilers for 300 aircraft by 1997, the first delivery beginning on 20 July this year. The exports will be worth $35 million. The amount is not large enough to draw public attention but industrial sources see the feat as highly significant in that it is the first designing job by Korean technological staff in this field. They also view it as having established a foothold for exports of aircraft parts, a high value-added item. Kang Chong-ku, 34, senior researcher and leader of the spoiler designing team, says that "So far, globally, Japan, Canada, France, Germany, Spain and Italy are about all that have obtained FAA type approvals." "Now that our designing has gained their trust," he noted, "we expect that there will be orders coming in for parts of high added-value."

The case shows that our aircraft industry technology has won—although in part—international recognition. Many see the industry's future with optimism because such improvement in technology leads directly to increased exports. In fact, the three firms manufacturing aircraft parts and airframes—Korean Air, Samsung Aerospace Industries and Daewoo Heavy Industries—have increased their sales up to 200 percent over the past two years. Korean Air's aircraft-industry-related sales more than doubled from $73 million in 1990 to $150 million in 1991. Its target for this year is $330 million, another 100 percent gain. Samsung Aerospace, a late starter in this field, also sold $80 million in aircraft engines and airframes in 1990, and $105 million in 1991; its sales planned for this year amount to $102 million, marking a 30 percent growth annually. It is known that Daewoo Heavy Industries, which branched out into this field in 1983 as the last of the three, is also registering a 100 percent growth, although it is still in an initial stage of business.

Export orders received by each firm are also on the gradual increase, indicating a trend of sustained growth. In the case of Korean Air, the current order bookings have reached a $700 million level, and the firm is working for $400 million in additional orders for this year. Samsung Aerospace's exports were $120 million in 1990 and $130 million in 1991, while its export contracts for this year are expected to reach $150 million. Samsung Aerospace has since 1985 been working on PW4000, an engine for large-type jetliners being developed by Pratt & Whitney of the United States, the world's largest engine maker, jointly with eight countries including Japan, Italy, Belgium and Norway.

Samsung Aerospace plans to supply Pratt & Whitney with engine parts worth a total of $600 million by the year 2020. Daewoo Heavy Industries has secured materials for exports worth approximately $600 million, including those for the Bowing 747 wing framework. The fledgling aircraft industry in our country has had to invest heavily for plants, equipment and manpower; in view of industrial sources, it will be able to make both ends meet from this year, however, thanks to the growth trends and materials that have been secured for exports.

These orders received are indeed so small that they cannot even be compared with those of other manufacturing industries. Nevertheless, they reflect a progress significantly rapid for the fledgling industry. In our country, the industry had first engaged in aircraft maintenance before it embarked on parts manufacturing and assembling. In overhaul, the aircraft is completely dismantled, cleaned, adjusted and oiled, and parts are replaced and even remade if necessary. It is an essential phase the industry goes through on the way to aircraft manufacturing. It is a field for us to earn foreign currency with our maintenance technique and, therefore, comparable to an invisible export industry.

In fact, Korean Air earned $35 million in foreign currency in this field last year, a figure accounting for 23 percent of the total sales. As far as overhaul technique is concerned, Korea enjoys international reputation. Korean Air has the capability of performing maintenance not only on commercial airliners but on all types of fighter planes, domestic and foreign, including the latest models. In fact, even carrier-based aircraft of the U.S. Pacific Fleet are reportedly

serviced in Korea. It is known that Samsung Aerospace's maintenance capability is limited to engines of certain types, and that Daewoo Heavy Industries has no maintenance capability.

Making the most of its experience in this field, Korean Air is leading the domestic aircraft industry. With its own technology, it built a unique, five-seat "Changgong [Blue Sky]-91" and, after successful flights in November last year, applied for the Transportation Ministry's type approval. It is planning to export a finished version of it to the U.S. market after obtaining the FAA type approval. Korean Air sources say that the prospects are bright because the plane costs approximately 100 million won [W], a figure far below the similar-type planes made in other countries which cost W300 million to W400 million per plane.

Meanwhile, the $5.2 billion Korean next-generation fighter plane program (KFP), officially adopted in November last year, is expected to fuel a leaping development of the domestic aircraft industry in the future. Involved in the KFP are Samsung Aerospace, Korean Air and Daewoo Heavy Industries. The principal contractor of the three, Samsung Aerospace, had groundbreaking ceremonies in Sachon, South Kyongsang Province, in May last year for some 200,000 pyong land on which to build a plant equipped with fuselage assembly and test flight facilities, with a budget of W200 billion. Its target is to complete the project by October 1994 and to acquire about 80 percent of technologies needed for the F-16 manufacture. Samsung Aerospace and other firms expect that, based on know-how acquired through the KFP, they will be able to develop aircraft that are lower in technological levels than fighters—such as trainers and transports—on their own in the early 2000's, and to further improve the designing technology and create the capability of independently developing a Korean-type fighter plane in the 2010's.

Industrial sources see the aircraft industry as the shortest cut to achieving the status of a technologically advanced nation as the national goal because the technologies involved have an immense pervasive effect on related industries and, in effect, spur technological developments of other industries. An interested source at Samsung Aerospace says that "the aircraft industry represents, among other things, an added-value 70 percent higher than the auto industry and an employment effect 60 percent higher than the manufacturing industry average. We can use it to bring about a structural upgrading of domestic industries." "Presently, the aircraft industry has taken on features of international, horizontal division of work and, consequently, is one of the ideal, high growth-potential industries for us," he says.

Burma

Opposition Marks Uprising Anniversary

BK0508074192 (Clandestine) Democratic Voice of Burma in Burmese 1430 GMT 4 Aug 92

["Statement of the National Coalition Government of the Union of Burma marking the fourth anniversary of the Four Eights Movement"; dated 8 August 1992]

[Text] The National Coalition Government of the Union of Burma [NCGUB] firmly believes that the Four Eights [8 August 1988] Democracy Movement, which took place during 1988 and in which the entire oppressed populace participated, is a national liberation struggle. The NCGUB, which is leading this unfinished revolution, issues the following policy statement:

1. That movement initially started as an expression of general discontent by honest and innocent students and youths without political influence and later developed into a mass uprising that was to transform (?a moribund state) that was Burma.

2. On this fourth anniversary of the Four Eights Movement, the NCGUB solemnly pays tribute to the student martyrs who sacrificed their lives in the revolt and fight against the military dictatorship in accordance with the tradition of students who have always played a leading role in the forefront of all national struggles and have made sacrifices.

3. The SLORC [State Law and Order Restoration Council]—the military dictatorship—in blatant and unlawful violation of human rights has refused to recognize the results of the May 1990 general elections, ignored the stated wishes of the people, and continued to detain political detainees, including the 1991 Nobel peace laureate, Daw Aung San Suu Kyi, up to this day.

4. The SLORC is currently endeavoring to hold a sham national convention in order to prolong and protect the life of the military dictatorship and to portray Burma, which is bankrupt on all fronts, to the world as a politically stable country.

5. Our NCGUB shall continue to wage the struggle to free the people from all forms of suffering and a life devoid of democracy, and shall strive to meet the following national needs:

A. Unconditional release of all political detainees, including Daw Aung San Suu Kyi;

B. Transfer of power to representatives of the People's Assembly who were legally elected with the people's trust in the May 1990 general elections;

C. Full enjoyment of democratic and human rights by the entire public, including the indigenous national races;

D. Official cessation of the civil war and establishment of a federal union which allows equal rights and self-determination for the indigenous national races.

6. The NCGUB hereby announces that the revolutionary forces will work to the end together with the entire people, including the indigenous national races, in order to meet without fail the needs of the nation.

Foreign Minister To Hold Border Talks With Laos

BK0408145692 Rangoon Burma Television Network in Burmese 1330 GMT 4 Aug 92

[Text] A seven-member delegation led by U Ohn Gyaw, minister for foreign affairs of the Union of Myanmar [Burma], left Rangoon by air this morning to attend the third meeting of the joint Myanmar-Lao border committee to be held in Vientiane, Lao People's Democratic Republic.

The delegation was seen off at Yangon airport by Major General Myo Nyunt, minister for religious affairs; Colonel Pe Thein, minister for health and education; responsible officials from the Ministry of Defense, Ministry of Foreign Affairs, and other departments concerned, and Lao ambassador Mr. Kideng Thammavong.

Australian Senators Meet Exile Government Leaders

BK0208085192 (Clandestine) Democratic Voice of Burma in Burmese 1430 GMT 1 Aug 92

[Text] Australian Senators Mr. Chris Schacht and Mr. (Gregory Bond) met with ministers of the National Coalition Government of the Union of Burma [NCGUB] and responsible personnel of the Democratic Alliance of Burma [DAB] on 26 July and held cordial discussions.

Present at the meeting were NCGUB Foreign Minister U Peter Linbin, Information Minister U Hla Pe, [name indistinct], and Saw Clyde from the Karen National Union [KNU] foreign affairs department; Colonel Zau Taung and Mr. (Jate) from the Kachin Independence Organization [KIO]; Dr. Thaung Tun, member of the All Burma Students' Democratic Front [ABSDF] Central Committee; and U Hla Maung, general secretary of the Federation of Burma Workers Union.

Representatives from the NCGUB and other organizations held discussions on the present political situation in Burma, human rights violations by the military regime, oppression of the national races, narcotic drug matters, the refugee situation at the various border regions due to civil war, and exchanged opinions and views regarding the military's planned biased national convention. The Australian Government was urged to continue to exert diplomatic and economic pressure against the military regime.

The Australian senators gave reassurances that the Australian Government is closly monitoring the Burmese military government's human rights violations and that democracy and human rights are international concerns. In the world

today, democratic governments [words indistinct]. The Burmese military government has ignored the [words indistinct] which is one of the democratic rights of the Burmese people and other international requests. [sentence indistinct]. The Australian Government will continue to exert diplomatic and economic pressure on the Burmese military government until democracy, which guarantees human rights and the rights of the ethnic minority groups, prevails in the country.

Brunei, Malaysia & Singapore

Malaysia

Opposition to Sanctions Against Burma Examined

BK0408104792 Kuala Lumpur Voice of Malaysia in English 0800 GMT 4 Aug 92

[Station commentary]

[Text] Malaysia will not support proposals by certain powers calling for sanctions to be imposed on Myanmar [Burma] to force it to restore democracy in the country. Malaysia's stand is in conformity with the decision taken by ASEAN at its recent annual ministerial meeting to find a solution through consultations and constructive approach. Malaysia feels this is the best way under the circumstances.

Imposition of sanctions will only antagonize the Myanmar Government, thus hampering the democratic process and increasing the misery and hardship of the Myanmarese people. There are already some indications that the Myanmar leadership wants to come out of its isolation, which came about as a result of its human rights policies and harsh treatment of its citizens. After the military's takeover in 1988 and its crackdown on the pro-democracy movement, the student leaders who spearheaded the democracy campaigns were forced to flee to jungle sanctuaries. Now the military government has announced that the universities, that have remained closed for several months, will reopen soon and the students will be allowed to study and work at the same time.

Malaysia has been increasingly concerned over the sad plight of the Rohingya Muslims, who had fled in droves from their native Arakan state into neighboring Bangladesh. There are an estimated 270,000 refugees crammed into 15 camps in Bangladesh Cox's Bazar district, near the border. Though Dhaka and Yangon [Rangoon] have signed an agreement for the refugees to return, the latter have refused to go back home because of (?insufficient) guarantee for their safety. It seems that they will prefer the hardships in the camp to possibly more cruelty in their homeland upon their return.

Malaysians have shown their sympathy for the refugees by contributing 22,000 kg of used clothing and nearly U.S.$86,000 in cash, which were collected through a month-long campaign, and dispatched to Dhaka in two C-130 Royal Malaysian Air Force transport aircraft in June. The Malaysian Government had earlier sent a cash donation of U.S.$100,000 to help alleviate the sufferings of the refugees. Malaysia hopes the Myanmar Government will not continue to ignore the basic human rights of the Rohingyas and will bring injustice and oppression to an end. The refugees must be allowed to return to their homes without any preconditions or fear of persecution. The UN High Commission for Refugees, UNHCR, can play a vital role in this direction.

In its apparent bid to let the Myanmarese people resume their lives in an atmosphere of peace and harmony, the military junta must take steps to release political prisoners to pave the way for free and fair national elections and hand over power to the party which emerges as the winner.

ASEAN would like to welcome Myanmar into its family with the help of its member nations to a zone of peace, stability, and progress over the past 25 years. But first, there must be democratic rule established in that country. ASEAN is willing to help Myanmar through consultations to achieve this goal.

Agreement on Pergau Dam Project Re-Signed

BK0408075492 Kuala Lumpur Voice of Malaysia in English 0600 GMT 4 Aug 92

[Text] The agreement on the 1.3 billion ringgit Pergau hydroelectric dam project was re-signed today between an electricity supplier, Tenaga Nasional Berhad [Company Limited], and the Kelantan State Government. Tenaga Nasional said in a statement that the signing will be held in Kuala Lumpur.

Construction of the dam was disrupted when the PAS [Pan-Malaysian Islamic Party]-led Kelantan State Government blockaded access to the project site on July 4th to force its demand for 90 million ringgit in compensation from the Federal Government.

Work resumed recently after a compromise reached between the chief minister and Tenaga Nasional Chairman Tan Sri Ani Arope.

Cambodia

PRC Official Allegedly Meets Pol Pot in Bangkok

BK0508114692 Hong Kong AFP in English 1127 GMT 5 Aug 92

[Text] Bangkok, Aug 5 (AFP)—A senior Chinese official left here Wednesday after a meeting with shadowy Khmer Rouge leader Pol Pot during which he urged the guerrilla group to drop its rigid stand and be flexible in dealing with Cambodia's peace process, informed sources said.

Chinese Vice Foreign Minister Xu Dunxin refused to talk to reporters on leaving for Beijing after a three-day visit organised as part of a joint effort with Thailand to persuade the Khmer Rouge to rejoin the peace process.

His meeting in the Thai capital with Pol Pot, the paramount leader of the communist Khmer Rouge, was not announced and no official confirmation was immediately available.

Thai Foreign Ministry spokesman Sakthip Krairoek would not confirm nor deny that the meeting took place. "I don't know anything about that," he said, adding that no representative from Thailand would have been present at any such meeting.

But informed sources, speaking anonymously, said the meeting was also attended by Ieng Sary, one of the architects with Pol Pot of the radical Marxist group's near four-year reign of terror during which over one million people died in Cambodia's "killing fields." The Khmer Rouge was driven from power in January 1979 by Vietnam's invading forces.

Xu was believed to have told the Khmer Rouge leaders that they must show more flexibility or risk a change in China's relationship with the faction, one source said.

The source did not elaborate, but this could be a reference to a possible decision by Beijing not to veto a United Nations move to impose sanctions on the faction if it does not change its stance, analysts said.

It was thanks to China's massive military assistance and diplomatic support that the Khmer Rouge, after its downfall, soon became the dominant guerrilla force fighting Phnom Penh's Vietnam-installed government in the Cambodia war.

The 13-year war ended formally last year with an United Nations-brokered accord signed in Paris. But the Khmer Rouge are now refusing to go along with a U.N. programme launched in early June to disarm the rival Cambodian factions and canton their forces.

The group says it will lay down its arms only if the Phnom Penh regime is dismantled. It claims Vietnamese troops are still deployed in Cambodia despite Hanoi's announcement of a total military pullout in September 1989 and repeated U.N. statements that there is no evidence that Vietnamese soldiers remain.

In a letter to U.N. Transitional Authority in Cambodia (UNTAC) chief Yasushi Akachi, released Wednesday in Phnom Penh, Khmer Rouge nominal leader Khieu Samphan said his faction was not to be blamed for stalling the peace process.

Khieu Samphan is officially the head of the faction and is one of its two representatives on Cambodia's reconciliation body, the Supreme National Council (SNC). But diplomats and analysts have no doubt that the 67-year-old Pol Pot, who shares his time between guerrilla strongholds in Western Cambodia and safe houses protected by the army in Thailand, remains in charge.

Khieu Samphan, in his letter to Akashi, charged that UNTAC's rejection of his proposals for implementing the peace accord is what caused the impasse.

Akashi and other UNTAC leaders have said that the Paris agreement does not call for the abolition of the Phnom Penh regime, which, according to them, is to remain in place as an "administrative structure" under U.N. control.

Xu had arrived here Sunday. On Monday, he and Thai officials met with Khieu Samphan as part of a joint bid to find ways to persuade the Khmer Rouge to rejoin the peace process.

Thailand and China were the main allies of the Khmer Rouge during the Cambodian civil war. Chinese weapons were shipped through Thailand to the guerrillas, who were also allowed to use sanctuaries along the Thai-Cambodian border to infiltrate Cambodia.

Since Cambodia's peace treaty, China's leverage with the Khmer Rouge is, however, believed to have decreased as Beijing's shipments are said to have come to an end.

Beijing is also seen as having started to dissociate itself from the radical group.

"The Chinese probably find there is little to gain in actively supporting the Khmer Rouge," said an analyst who monitors developments in Cambodia closely.

"They've got to balance off Cambodia against their relations with the United States, and by not being seen as actively supporting the Khmer Rouge any more they are also seen as sticking to their end of the bargain following the Paris accord," he said.

According to the analysts, it seems even doubtful that China would veto U.N. sanctions against the Khmer Rouge, as Beijing would then be seen as still backing the Khmer Rouge.

Chinese, Thai Peace Efforts Reported

BK0508092692 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 5 Aug 92

[Text] The Party of Democratic Kampuchea [PDK] yesterday renewed its appeal for the dissolution of the Vietnam-installed Phnom Penh regime. This shows that despite talks with Chinese and Thai officials in Bangkok, the PDK's stance remains the same.

The implementation of the Cambodian peace plan has been postponed following the refusal by the PDK to implement the UN plan to gather, disarm, and demobilize troops, which started in early June, as long as there is no genuine verification of Vietnamese troops and the elimination of the state authority of the Vietnam-installed regime in Cambodia.

High-ranking Thai officials on Monday met separately in Bangkok with Khieu Samphan, leader of the PDK, in an effort to find a compromise with the PDK to break the deadlock in the Cambodian peace process. The PDK radio yesterday said that the PDK renewed its appeal to implement its proposal on dissolving the government of

the Vietnam-installed regime in Phnom Penh. The same radio accused the communist Vietnamese of continuing to use the presence of the Phnom Penh Government, which Vietnam has installed, to commit their aggression and prolong their war of aggression in Cambodia.

The PDK affirmed that Vietnamese troops are still deployed and hidden in Cambodia despite Hanoi's announcement in September 1989 that all Vietnamese troops have been withdrawn from Cambodia. Khieu Samphan's meeting on Monday was with Xu Dunxin, Chinese deputy foreign minister, and Sarot Chawanawirat, director of the Political Affairs Department of the Thai Foreign Ministry.

Chinese Deputy Foreign Minister Xu Dunxin—who arrived in Bangkok, Thailand, on Sunday and decided to return to China on Wednesday, today—held a separate meeting with Thai Foreign Minister Asa Sarasin. After his talks with Asa Sarasin, Xu Dunxin told reporters that China and Thailand share the same view on the Cambodian issue and he hoped that the Khmer Rouge side will agree to continue implementing the peace plan soon and that the United Nations will be able to carry out its mission in Cambodia.

The Chinese deputy foreign minister said that China and Thailand have reached an agreement on common efforts to hold talks with all Cambodian parties, including the PDK, so that the Cambodian peace process can proceed.

Yesterday Japan decided to implement next week a law which allows the dispatch of Japanese Self-Defense Force troops for peacekeeping mission for the first time since World War II, with troops being sent to Cambodia as the first step.

VOK Cites 'Observers' on Hor Namhong's Remarks

BK0408092992 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 4 Aug 92

[Text] Hor Namhong of the regime propped up by Vietnam said yesterday that the United Nations should consider implementing measures to restore peace in Cambodia if the Party of Democratic Kampuchea [PDK] continues to refuse to cooperate with UN peacekeeping operations.

When asked whether this would mean war in Cambodia, Hor Namhong affirmed that his party does not want fighting to resume but he is afraid that this might be unavoidable because of attacks by the PDK. Hor Namhong affirmed that the major goal of the PDK is to seize power again through every means and that if this cannot be done through peaceful means, the PDK will choose military means.

However, observers say that the most important goal of the PDK is to reduce the role and power of the Vietnam-propped up regime during the transitional period. They say that the reaction expressed through Hor Namhong's statement shows that this propped-up regime still wants to use the structure of this regime to take the advantage during the forthcoming election in Cambodia because the regime's image has been tarnished by being Vietnam's lackey and by corruption.

Observers say that Hor Namhong's statement is a sign pointing to an impasse for efforts by a number of countries to compromise with the PDK's demands.

Khieu Samphan Blames UNTAC for Stalling Peace

BK0508050092 Hong Kong AFP in English 0438 GMT 5 Aug 92

[Text] Phnom Penh, Aug 5 (AFP)—The radical Khmer Rouge on Wednesday blamed the U.N. peacekeeping operation for stalling the peace process as leaders met under U.N. supervision in central Cambodia.

The Supreme National Council (SNC), the reconciliation body grouping the four Cambodian factions, was convened in the central province of Siem Reap because its chairman, Prince Norodom Sihanouk, was there filming a movie starring his ballet-dancer son.

In a letter to U.N. Transitional Authority in Cambodia (UNTAC) chief Yasushi Akashi, released to coincide with the meeting, Khmer Rouge nominal leader Khieu Samphan said his faction was not to blame for stalling the peace process.

Instead, UNTAC's refusal to accept his proposals for implementing the peace accords is what caused the impasse, he said.

The radical faction has refused to lay down its weapons and cooperate with U.N. peacekeepers until the SNC's role is strengthened and the Phnom Penh government is dismantled.

Akashi has told the Khmer Rouge he interprets the Cambodian peace accords as allowing the Phnom Penh regime to remain in place as an "administrative structure" under U.N. control.

"The obstacles that have stood in the way of UNTAC in the implementation of the agreement are not, as alleged created by (our) party," the letter said.

"Rather they stem from the lack of political will ... to confer upong the SNC all power and means to act as 'the unique legitimate body and source of authority' of Cambodia."

Khieu Samphan reiterated his refusal to accept Akashi's decision that the Phnom Penh government will remain in place, and said all his demands are strictly in line with the peace accords.

"Clearly enough, if the SNC remains powerless and lacks any means necessary to act as the unique legitimate body and source of authority of Cambodia ... consciously or unconsciously, (UNTAC) would cooperate with, if not rely upon, the Phnom Penh party," he said.

The SNC members were expected to return by plane from Siem Reap late Wednesday.

Defense Leaders Meet UN Administrative Inspectors

BK0508072792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 4 Aug 92

[Text] In the morning of 1 August His Excellency [H.E.] General Tie Banh, defense minister of the State of Cambodia [SOC]; Gen. Ke Kimyan, first deputy defense minister and chief of the General Political Department; Gen. Pol Saroeun, deputy defense minister and chief of the Cambodian People's Armed Forces General Staff; and a number of other leading generals under the Defense Ministry met and had a working session at the Defense Ministry's Foreign Military Relations Department with Mr. Porcell, chief inspector of the UN civil administration in Cambodia, and Mr. (Jiro), representative of the UN civil administration in Cambodia attached to the SOC Defense Ministry. They exchanged views and explanations on the formalities, procedures, and substances of the administrative inspection work conducted within the Defense Ministry, telling each other how smoothly and correctly this undertaking was proceeding in accordance with the Paris agreement.

Mr. Porcell, chief inspector of the UN civil administration in Cambodia, expressed warm feelings toward the SOC Defense Ministry for authorizing his team to conduct administrative inspections inside the Defense Ministry, an act showing the sincere goodwill of the SOC faction to effectively implement the Paris accords. That constitutes the basis for generating a neutral administrative environment in Cambodia conducive to free elections in the country, he said. Mr. Porcell also stressed that according to the decision of Cambodia's Supreme National Council, administrative inspection in Cambodia has started since 26 May and his team has performed its work with remarkable success in a number of areas under the SOC faction. However, one faction has consistently refused to cooperate with and authorize the UN team to conduct inspections in its zone. He stressed that the accords did not stipulate the dissolution of any existing administrative structure in Cambodia. However, so that the elections can proceed smoothly and correctly, all administrative authorities in Cambodia should remain fully neutral.

Mr. (Jiro), representative of the UN civil administration in Cambodia who was assigned to handle administrative inspection in the SOC Defense Ministry, talked about projected procedural and substantive arrangements, especially the administrative, financial, economic, and other arrangements within the Defense Ministry that have nothing to do with military operations.

H.E. Gen. Tie Banh expressed joy at and welcome to the UN administrative inspection team that was carrying out its task in the Defense Ministry in accordance with the Paris accords. The general also pointed out that while the SOC faction is closely cooperating with the United Nations, especially in implementing the Paris accords, the Khmer Rouge faction continues to refuse to comply with the accords by continuing to violate the cease-fire, thus complicating and blocking the peace process in Cambodia, especially by refusing to comply with the Paris accords which stipulate the inspection of the civil administration in all zones so as to create a general neutral atmosphere in Cambodia. Therefore, the United Nations must take drastic measures against the Khmer Rouge, who are obstructing the process of implementing the Paris accords and free and fair elections in Cambodia.

The general went on to say that although many complex problems still exist as a result of Khmer Rouge actions, in order to enable the search for peace in Cambodia to reach its ultimate goal of bringing about real peace for the Cambodian people, the SOC faction will do everything it can in order to cooperate with the United Nations in implementing the Paris accords.

Officers Briefed on Accords Implementation

BK0408095192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 3 Aug 92

[Text] Leading officers from the three general departments; various army regions, provinces, cities, and schools; and all units subordinate to the Ministry of National Defense of the State of Cambodia [SOC] recently attended a hearing held at the ministry to assess developments concerning the implementation of the Paris accords during the past nine months. On that occasion, General Pol Saroeun—member of the Cambodian People's Party [CPP] Central Committee Standing Committee, deputy defense minister, and chief of the Cambodian People's Armed Forces [CPAF] General Staff—talked about military developments during the nine months of the accords' implementation during which the Khmer Rouge faction repeatedly attacked us in all forms, especially with their attempts made by all means to undermine our military and political situation, to weaken the CPP's leading capability as well as the SOC's administrative capacity, and to torpedo the elections. However, they have not been able to achieve anything remarkable.

As a matter of fact, from the signing of the accords on 23 October 1991 to the end of last June, the Khmer Rouge carried out 255 violations against the SOC faction, causing 30 deaths among our forces and 58 others among the population, with scores of wounded. The Khmer Rouge on three occasions shot at UNTAC [UN Transitional Authority in Cambodia] aircraft, destroyed 22 tonnes of rice, and burned down many houses. These activities mostly took place in remote areas of the 2d and 4th Army Regions.

Afterwards, Gen. Ke Kimyan, member of the CPP Central Committee Standing Committee, first deputy defense minister, and chief of the CPAF General Political Department, clearly summed up as follows: During the past nine months we have correctly displayed our

goodwill by fully implementing the accords. We have unilaterally started the gradual troop regroupment in the second phase of the cease-fire and we have exercised our right to self defense in the case of violations by other factions. The Khmer Rouge have tried to no avail to use military means to violate the accords in an attempt to alter the balance of forces on the battlefield and to use the tactics of combining political propaganda and psychological warfare with economic sabotage and social agitation. So far, thanks to the well-maintained balance of forces, nothing important has happened. This shows that the Khmer Rouge faction intends to prolong the implementation of the accords. In fact, in the second phase of the cease-fire, the Khmer Rouge have overtly opposed the peace process. For this reason, the situation in the near future will remain complex with the Khmer Rouge continuing to oppose the cease-fire, the war possibly becoming protracted to some extent, and the Khmer Rouge continuing to make arbitrary demands that run counter to the spirit of the accords.

No matter how the Khmer Rouge try to prolong the process of the accords' implementation, they will not succeed in their attempt to stall this process because of the SOC's superior position and strength, the people's determination to actively defend the peace accords, and the international community's all-out effort to quickly end the war in Cambodia.

Also addressing the gathering, Gen. Tie Banh, member of the CPP Central Committee Standing Committee, vice chairman of the Council of Ministers, minister of national defense, and member of Cambodia's Supreme National Council, praised our officers at all levels and all our rank and file for actively working with a high sense of unity to implement the 23 October 1991 Paris accords, particularly the second phase of the cease-fire. However, the Khmer Rouge faction has refused to implement this phase and has threatened and bullied the goodwill actions and legitimate desires of the Cambodian people and the international community. They are placing the peace process in dire straits and causing a deadlock.

In the face of that situation and in order to show our goodwill to firmly and fully implement the accords in search of peace for the nation and motherland despite the other factions' refusal to implement them, Gen. Tie Banh stressed in his instruction: It is imperative to correctly rearrange the forces, arms, and ammunition—both those to be dissolved and those to be maintained. At the same time, those who are to be regrouped in barracks must heighten their sence of vigilance, exercise their right of self-defense in case of violations by other factions, closely cooperate with UNTAC in correctly carrying out the policy toward the dismissed, properly meet the quotas set by the Council of Ministers, closely cooperate with UNTAC in the process of reducing forces, adequately ensure their transport back to their hometowns, and strictly implement the orders of the SOC Ministry of National Defense.

Japanese Parliamentary Delegation Visits

Meets Hor Namhong

BK0108025692 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 31 Jul 92

[Text] On the afternoon of 30 July at the office of the Foreign Ministry, His Excellency [H.E.] Hor Namhong, foreign minister of the State of Cambodia and member of the Cambodian Supreme National Council, cordially held talks with the Japanese parliamentary delegation led by Tadashi Maeda, member of parliament from Japan's Liberal Democratic Party.

After warmly welcoming the visit by Tadashi Maeda, H.E. Hor Namhong thanked the Japanese Government and parliament for making all kinds of contributions in the search for a solution to the Cambodian problem. Japan's contributions include the conference in Tokyo in 1990 to find key points for solving the Cambodian problem, the recent conference in Tokyo on Cambodia's rehabilitation and reconstruction, financial assistance to UNTAC [UN Transitional Authority in Cambodia], and the preparation for the dispatch of Japanese forces to cooperate with UNTAC in Cambodia, and so on.

H.E. Hor Namhong stressed that Japan's stance on Cambodia shows the world more clearly the relations of solidarity with Cambodia, a country which is facing hardship and has been ruined by war. H.E. Hor Namhong also informed the guest about the implementation of the Paris agreement, which the State of Cambodia side is correctly implementing and cooperating well with UNTAC. However, the Khmer Rouge side has used the Paris agreement to seize power. With this goal, the Khmer Rouge are trying to find every means to hinder Cambodia's reconstruction and to dissolve the State of Cambodia Government by imposing conditions which are not stated in the Paris agreement.

However, the State of Cambodia party does not want the Khmer Rouge side out of the agreement. In principle, the State of Cambodia side also will not do anything contrary to the agreement. Concerning the international community's stance H.E. Hor Namhong stressed that if the Khmer Rouge side still refuses to implement the Paris agreement, what should the international community do next because the Khmer Rouge side is currently testing the international community's stance in order to seize power again. However, if the international community's stance is firm, the Khmer Rouge will retreat from this test.

Replying, Tadashi Maeda profoundly thanked H.E. Hor Namhong for granting the meeting and for talking in detail about the real situation in Cambodia. Tadashi Maeda hoped that his visit to Cambodia would be successful.

Delegation Meets Prince Chakkrapong

BK0108130292 Phnom Penh SPK in French 1106 GMT 1 Aug 92

[Text] Phnom Penh 1 Aug (SPK)—Prince Norodom Chakkrapong, vice chairman of the Council of Ministers of the State of Cambodia [SOC] and member of the Standing Committee of the Cambodian People's Party [CPP] Central Committee, received a delegation of the Japanese parliament from the Liberal Democratic Party led by Mr. Tadashi Maeda in Phnom Penh on 30 July.

The prince thanked Japan for its financial assistance for operations of the UN Transitional Authority in Cambodia and welcomed the outcome of the international conference on the rehabilitation and reconstruction of Cambodia held in Tokyo last month. He pointed out that the Khmer Rouge's attempt to hamper the conference is evidence that the group does not want to see the people's living conditions improve.

Mr. Tadashi Maeda underlined that the objective of his visit was to become acquainted with the conditions of the Paris peace accord's implementation, the feasibility of persuading the Khmer Rouge to respect the accord, and the possibility of organizing elections in 1993.

Chea Sim Receives Japanese Research Delegation

BK0208091192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 2 Aug 92

[Text] On the afternoon of 31 July, at the office of the Cambodian People's Party [CPP] Central Committee, His Excellency [H.E.] Chea Sim, chairman of the CPP Central Committee and chairman of both the National Assembly and the Kampuchean United Front for National Construction and Defense, received a peace and security research delegation from Japan led by Masashi Nishihara, professor of international relations at the Japanese Academy of National Defense.

Speaking on this occasion, H.E. Chea Sim warmly welcomed the Japanese delegation's visit to investigate and understand the peace process in Cambodia. He informed the delegation of the latest developments in Cambodia and the search for peace in the country. He stressed the CPP's patience and cooperation with the UN Transitional Authority in Cambodia [UNTAC], in contrast to the Khmer Rouge who have stubbornly refused to abide by the Paris agreement which they signed. The Khmer Rouge has committed violations and carried out various activities against the State of Cambodia. They have particularly refused to comply with the second phase of the cease-fire. H.E. Chea Sim also informed the delegation about the results of the CPP's national congress.

Replying, Masashi Nishihara thanked and praised the CPP for respecting and cooperating well with UNTAC in the search for peace in Cambodia. He pledged to find every means to promote the peace process in Cambodia to end the people's suffering created by more than two decards of war.

Hun Sen Meets Delegation

BK0308063892 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 3 Aug 92

[Text] On 31 July at the office of the Council of Ministers, His Excellency [H.E.] Hun Sen, vice chairman of the Cambodian People's Party Central Committee and chairman of the State of Cambodia's [SOC] Council of Ministers, received Professor Masashi Nishihara who is in charge of international relations of the Japanese Academy of National Defense.

H.E. Hun Sen warmly welcomed the Japanese academic delegation's visit to Cambodia by noting that the delegation's visit would certainly help to expedite the process of seeking peace in Cambodia even more rapidly. H.E. Hun Sen also stressed that the SOC side has sincerely cooperated with the UN Transitional Authority in Cambodia in implementing the second phase of the Paris agreement. But the Khmer Rouge still adhered to their obstinate stance by refusing to implement the peace plan and seeking every means to destroy this agreement, thus blocking the process to restore and rebuild Cambodia.

Khmer Rouge 29 Jul-1 Aug Violations Reported

BK0508073392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 4 Aug 92

[Text] According to the Defense Ministry's Military Coordination Commission with the United Nations, at the end of July and the beginning of August 1992 the Khmer Rouge continued to violate the cease-fire in a number of regions controlled by the Cambodian People's Armed Forces [CPAF]. These violations were reported on 29 and 31 July and 1 August in Kompong Thom and Battambang Provinces.

According to this source, at 0600 on 29 July Khmer Rouge elements from Division 616 fired 22 H-107 and DK-82 shells on the positions of the CPAF in Prek Pou village, Kompong Thom Province, causing injuries to three CPAF soldiers. On 31 July the Khmer Rouge continued to fire many H-107 artillery shells on the above targets.

In Battambang Province, at 0800 on 1 August the Khmer Rouge brutally attacked the position of Battalion 3, Regiment 7 of the CPAF's 196th Division. At present, the Khmer Rouge continue repeatedly to attack this target.

The cease-fire violations by the Khmer Rouge remain unabated. Their maneuvers which are closely linked to military activities aimed at obstructing the peace process in Cambodia remain the only framework for them to carry on their savage rule and bring disaster to the Cambodian people and motherland.

Minister, UNTAC Police Discuss Counterfeiting

BK0408093392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 4 Aug 92

[Text] On 31 July General Sin Sen, member of the Cambodian People's Party Central Committee and deputy minister of national security, held a working session at the office of the Ministry of National Security with Gen. Klaas Roos, police chief of the UN Transitional Authority in Cambodia [UNTAC], and a number of his colleagues. During the talks, Gen. Sin Sen informed the UNTAC police officers that recently State of Cambodia police agents had uncovered fake Thai baht and U.S. dollar banknotes illegally put into circulation in Cambodia. Gen. Sin Sen also explained the Khmer Rouge faction's maneuver to create unrest by exhorting the public not to use the 10-, 20-, and large version 50-riel banknotes.

In his remarks, Gen. Klaas Roos said he agreed with the question raised by Gen. Sin Sen, and stressed that he would bring the matter to the attention of UNTAC head Yasushi Akashi. Gen. Klaas Roos also stressed that UNTAC police officers would cooperate with their Cambodian counterparts in dealing with that problem.

Security Ministry Communique on Fake Banknotes

BK0408141492 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 4 Aug 92

["Press communique of the Ministry of National Security"; dated 3 August]

[Text] Over the past few weeks, the Khmer Rouge side and a number of other parties noisily carried out propaganda against using the riel banknotes issued by the State of Cambodia's National Bank, the same propaganda as broadcast by Khmer Rouge radio on 13 July 1992. These people demanded the withdrawal and exchange of the official riel currency of the Phnom Penh Government.

This is an open act of sabotage aimed at bringing back the cruel and barbarous tragedy to people and society, the way they did during the three years, eight months, and 20 days of their regime. Along with the above activities and propaganda, the parties of the Khmer Rouge and of His Excellency Son Sann, and some other parties, have made efforts to carry out economic sabotage through the introduction of fake foreign currencies and fake baht in Cambodian markets. Fake dollar and baht banknotes have been introduced through their own forces and through a number of crooks from the Cambodian-Thai border area. These fake banknotes have been exchanged with 70 percent of their face value reduced; in terms of gold value, a fake $100 dollar bill is worth one Hun [weight unit equal to 0.375 gramme] of gold.

In the import of fake baht, the Ministry of National Security has uncovered and made a number of red-handed arrests on 25 May 1992 at Andong Chenh checkpoint in Battambang Province. Two persons, whose names follow, were arrested with a total of 40 fake 500 Baht banknotes on them:

1. (Sum Tri), male, (?assistant) of General (Pich Sam-ol), who is the representative of the Khmer Rouge side stationed in Battambang Province; traveling from (O Lvea) Village, (Sereimeanchey) Commune, Sampeou Lun District in Battambang Province, (Ka-ngak) camp in the Khmer Rouge-controlled zone;

2. (Mai Sophal), male, commander of the Khmer Rouge's 305th Battalion, 903d Regiment, 948th Division; also traveling from the same area as above.

On 31 May 1992, at the same checkpoint of Andong Chenh, a male person named (Pat Samnang), alias (Prak Chhun), was stopped with 35 fake 500-baht banknotes in his possession. He is a member of Son Sann's party.

Up to the day of this press communique, the National Security Ministry has uncovered and confiscated 116 fake 500-baht banknotes and 29 fake $100 banknotes. These notes have been examined and certified as fakes by the State of Cambodia's National Bank.

These are criminal activities that affect not only the Cambodian people's interests and life but also the interests and life of people in neighboring countries. This is quite the opposite of humane behavior.

The National Security Ministry appeals to the public and all traders to cooperate and correctly implement subdecree No 29, dated 8 November 1991, concerning the law governing the management and exchange of currency and precious metal and gemstones; communique No 982/34, dated 30 July 1992, concerning the management of currency exchange practiced by individuals; and communique No 992/34, dated 30 July 1992, dealing with the management of precious metals and gemstones business of the National Bank of Cambodia.

Along with this, the public is called on to closely cooperate with relevant ministries to uncover and firmly clamp down on the import and use of all types of fake banknotes. All compatriots are urged to continue using the Riel currency in the fight to defend their own interest.

The National Security Ministry will cooperate with UNTAC [UN Transitional Authority in Cambodia] police to continue to unmask criminals whose aim is to bring in other fake currencies and banknotes.

[Dated] Phnom Penh, 3 August 1992

Soldiers Released From Barracks To Plant Rice

BK0308110592 Hong Kong AFP in English 1000 GMT 3 Aug 92

[Text] Phnom Penh, Aug 3 (AFP)—The United Nations has agreed to let Cambodian soldiers out of their barracks to plant rice this month, a U.N. spokesman said Monday.

The U.N. peacekeeping operation has placed just 18,000 of the country's 200,000 soldiers and guerrillas under supervision since its arrival here, and now will let them go temporarily, U.N. spokesman Eric Falt said.

"It's a leave pass to get out there and plant their rice," said U.N. military spokesman Lieutenant Colonel Dick Palk.

The soldiers, members of the Phnom Penh government army, will have to turn in their weapons and identification cards to the United Nations in order to be granted the temporary leave, Falt said.

An unspecified "few" will remain at the barracks to carry out day-to-day activities, and all will have to return at some point to be recounted, he said.

About 30,000 soldiers will eventually be eligible for the agricultural leave program, he said.

Those soldiers who have been placed under U.N. supervision have been languishing in barracks while the peace process has stalled for lack of cooperation by the Khmer Rouge.

That radical faction has refused to disarm and place its guerrillas under U.N. supervision until the Phnom Penh government is dismantled.

The chief of the U.N. mission, Yasushi Akashi, told the Khmer Rouge last week he would do no such thing.

Senior Japanese and Chinese diplomats are reported to be flying to Bangkok to revive the sagging Cambodian peace process by convincing the Khmer Rouge to cooperate.

A total of 20,920 peacekeepers and civilian U.N. personnel are due to arrive in Cambodia to enforce a peace plan signed by all warring sides last year.

So far, 18,109 of them from 100 countries have arrived, Falt said.

Of the military force of 15,900, only 790 have not yet arrived.

But the civilian administration is still behind schedule, with just 555 people of the 1,020 expected.

"A large number of other (peacekeeping missions) have contributed to the delay in getting qualified staff," Falt said.

Another 300 administrators are expected to arrive this month.

Of 3,600 civilian police, 2,022 officers from 28 countries are deployed throughout Cambodia.

U.N. military observers are currently staffing 19 of the 24 checkpoints along Cambodia's borders with Thailand, Vietnam and Laos, Falt said.

The United Nations has also hired 801 Cambodians of the 5,371 it expects to engage to help it run a national election scheduled for May 1993.

Laos

Editorial Hails China's PLA Anniversary

BK0108130192 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 1 Aug 92

[Editorial: "Salute and Welcome the 65th Founding Anniversary of the Chinese People's Liberation Army"]

[Text] Respected listeners, today, 1 August 1992, the Chinese people and the Chinese People's Liberation Army [PLA] are joyously celebrating the 62d founding anniversary of their army.

Right after its founding on 1 August 1927, the PLA passed through the process of the evolution of the protracted national-democratic revolutionary war, which lasted for 22 years from 1927 to 1949. Under the direct leadership and command of the CPC and with support, cooperation, and assistance from the multiethnic Chinese people throughout the country, the PLA fulfilled its esteemed duties in waging the land revolutionary war and the resistance war against the aggressive Japanese warlords, toppling the Kuomintang reactionary party and triumphantly establishing the new China.

During the above-mentioned process, the Chinese communists and the PLA officers and rank-and-file soldiers creatively applied the Marxist military theory in accordance with the reality of the revolutionary war in China, for example, by adhering to the CPC leadership in conducting military affairs; applying and initiating strategies and tactics in conformity with the reality in the revolutionary war in China; closely coordinating the three categories of the armed forces—the regular armed forces, regional forces, and local militia men; stepping up the building of weapons and war materiel by persistingly using their military industries as a foundation; learning war from waging war; and firmly adhering to the principle of building, managing, and educating the people's army.

Under the present conditions, while implementing the CPC policy of reforms and openness and engaging in carrying out national development in a large scale, the PLA has also paid attention to gradually building and modernizing its forces, for example, by improving their political and military quality and consolidating their oganizational system in order to build itself into a simple and compact but strong and modern regular army. Practicing the principle of self-reliance and self-dependence and consistently conducting scientific studies to improve its quality as a primary objective, the PLA has not only adhered to training on improving its

strategies as its pivotal task in conformity with the special characteristics of modern war but has also stepped up training in combined combat tactics. In addition, it has also paid attention to engaging in training in political, education, cultural, scientific, and other vocational fields thus transforming PLA officers and soldiers into personnel with capabilities both in military affairs and economic construction.

To date, the PLA has been incessantly consolidated and strengthened with every passing day to become a reliable force for the Chinese party, state, and people and to gain enough capabilities to safeguard the tasks of national construction and development as well as guarding the well-being of the Chinese people under the conditions of the implementation of the policy of reforms and openness.

The Lao Peopie's Army [LPA] and Lao people are very proud of the growth and strength of the fraternal PLA and regard these phenomena as our own achievements. The LPA and the PLA have maintained the tradition of soldarity and mutual assistance since the period of national liberation struggles against the imperialists in the past. In the present, this tradition of solidarity has even been further consolidated and strengthened to attain a new quality, in which the two people and armies of Laos and China have managed to unprecedentedly develop a sense of profound mutual understanding and affection.

On the occasion of the 65th founding anniversary of the fraternal PLA, all PLA officers and soldiers wish that all fraternal PLA officers and soldiers attain greater achievements.

May the solidarity and friendship between Laos and China be further strengthened in all respects.

Saman Vi-gnaket Closes Education Conference

BK0208090792 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 2 Aug 92

[Excerpt] The 1992 nationwide conference of education and sports administrators was closed with brilliant success on the afternoon of 1 August after six-day deliberations under the chairmanship of Saman Vi-gnaket, deputy [title as heard] minister of education and sports, with the participation of more than 100 delegates from the education services of Vientiane Municipality and other provinces throughout the country.

Throughout the conference, the delegates studied and expressed profound and wide-ranging views on the administration of edcuation work throughout the country in the 1991-1992 school year in which compulsory education at the primary level was launched as the initial phase of the implementation of the education strategy from now until the year 2000. The delegates also studied the plan for educational and sports promotion for the 1992-1993 school year, adopted the organizational plan for education and sports services from the central down to regional levels, and endorsed the goal of a plan to set up formal education schools in our country. The conference also adopted a project to develop the quality of education in order to bring the level of education work in our country up to that of international education.

In his address closing the conference, Saman Vi-gnaket, deputy [title as heard] minister of education and sports, assessed that the success of the nationwide conference of education and sports administrators constituted the fulfillment of an objective of the plan to promote education work to attain a new quality with a view to serving the tasks of national defense and national construction in our country. [passage omitted]

Official Notes 'Failure' of Informal Education

BK0108142792 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 1 Aug 92

[Text] According to a report from the Informal Education and Cultural Training Department of the Ministry of Education, after the nationwide literacy campaign was declared a success in 1983, it appears that at the present the number of illiterate people in mountainous and rural regions is continuing to increase markedly. Some cadres have noted that this is because the state is unable to provide further basic education for them. In addition, people in the mountainous regions also lack favorable conditons for making a living.

The director of the department pointed out that the number of illiterate people, including children between 6 and 14 years old who do not receive any schooling, is approximately 250,000 at present. In addition, more than 150,000 pupils are able to make it to the fifth grade. This failure has been attributed to the problem of poverty as well as local customs and traditions. Approximately 250,000 to 300,000 youths and adults between 15 and 45 years of age are unable to read and write. Some 20,000 state employees at the central, provincial, and district levels are illiterate and their cultural level is too low.

All in all, the department has adopted an immediate target of providing supplementary education and culturual training to some 760,000 persons. The director noted that the failure of this work has been attributed to many reasons. He said it is necessary that we adopt an action plan to provide informal education to the populace in conformity with the level of economic conditions and capability of our country. We must set up a concrete objective aimed at upgrading the instructional methods and contents. At the same time, the organizational structure of the work units in this area must be consolidated from the central down to the local levels in conjunction with the provision of more training to cadres engaged in promoting informal education. Simultaneously, the curriculum and equipment utilized in this work must also be upgraded and developed for better efficiency.

Philippines

Rebels Release American Volunteer Kidnap Victim

HK0508071792 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 05 Aug 92

[Text] Members of the Communist Party of the Philippines-New People's Army [CPP-NPA] in Kalinga Apayao have freed an American who volunteered to be kidnapped by the rebels in April. Here is the report of Raymond Catindig from Kalinga Apayao:

[Begin Catindig recording] The communists have freed an American voluntary kidnap victim who gave himself to a splinter group of the CPP-NPA in return for the freedom of another American, Harvey Duane Drown.

Tony Michael Gay, 38, from Georgia, was received by Philippine Army soldiers in the forests of Balbalan, Kalinga-Apayao, last Monday [3 Aug].

Gay was referred to by the NPA under his alias, Norman Michael, during the negotiation for Drown's release.

It was learned that Gay walked through the Cordillera forest for five days after he was released by the Cordillera People's Democratic Front.

He was taken by the rebels in April in Barangay Taga, Tabuk, Kalinga Apayao.

In his initial statement upon arrival at Camp Upi in Gammu, Isabela, yesterday, Gay stressed that he did not know and was not related to Drown who was reported to be a treasure hunter and was released by the rebels last June.

Gay tried to convince the military that he was a messiah sent by God with the mission of working for Drown's freedom. He claimed to be a religious member of the Baptist mission. He said he tried to preach to the rebels during his captivity.

But authorities were asking why he did not bring any religious articles or a Bible when he entered the rebel zone. Instead, all he had was his passport. Gay also could not answer when asked who the heads were of the Baptist mission in the Philippines and in the United States. Also despite the Baptist church prohibition on smoking, Gay was a chain smoker.

In his statement, Gay repeated several times that he was sane even though he was not asked about his sanity. He added that he only learned yesterday that Drown had been freed.

In his sworn statement to the military, Gay said he had retired from the United States Navy due to disability on September 13, 1975. He arrived in the Philippines on October 24, 1985. He had finished ninth grade in the United States and is married to Victoria Espinas who hails from Magbo, Masbate.

Gay, who can speak Tagalog and understands the Ilocano dialect, is a resident of Olongapo City, living off his monthly pension of $680.

Authorities are now checking Gay's status at the Commission on Immigration and Deportation.

Gay said he is a first class radio operator licensed by the National Telecommunications Commission, although he had no formal education in this field. [end recording]

Ramos Threat on Amnesty Refusals Criticized

HK0508042492 Manila PHILIPPINE DAILY INQUIRER in English 5 Aug 92 p 10

[Text] President Ramos' threat to unleash the military's might on communist rebels should they spurn his peace offer drew mixed reactions from the House of Representatives yesterday.

Bishops of the four million-strong Philippine Independent Church [PIC], meanwhile, called on the government and the communist National Democratic Front [NDF] to settle the country's "fratricidal war" peacefully.

Rep. Bonifacio Gillego (Lakas [strength] Sorsogon), a former military officer, said Mr Ramos' statement "is quite unbecoming to a President who has embarked on a policy of peace and reconciliation...," and may have driven the rebels away from the negotiating table.

He said that with his threat, the President "has lost a splendid opportunity to chart a course of peace."

Speaker Jose de Venecia Jr. and Rep. Juan Ponce Enrile (NP [Nacionalista Party], Cagayan), defended the President. They said the threat was Mr Ramos' "only alternative."

De Venecia said there should be a deadline for peace negotiations with the rebels and their availment of the government's amnesty because the people are tired of the 23-year-old insurgency problem.

Gillego said the President has "apparently taken heed" of the hard-line position of the Department of National Defense when he aired the threat.

"It (the threat) strengthens the resolve of the communist leadership to spread the word around about resisting the government's overtures," he said.

Gillego also [as published] President's threat may have been a hint that an unconditional amnesty may not be approved in the House because many congressmen may "fold up" and "toe the line of the administration" which is conditional amnesty.

Gillego claimed De Venecia was no longer pushing for unconditional amnesty.

But De Venecia said he will continue to push for absolute unconditional amnesty when the National Unification Commission is convened to draft the general amnesty program.

In a pastoral letter, the country's 30 PIC bishops urged both the government and the NDF to work for a "negotiated peaceful political settlement" to end the armed conflict.

The PIC also asked for the disbandment of paramilitary units and vigilante groups.

In his first State-of-the-Nation address, the President submitted to Congress a package of proposals for the amnesty of rebels and urged the legislators to repeal the anti-subversion law in his bid to end the armed struggle.

He also urged the formation of a National Unification Committee (NUC) to negotiate peace with leftist and rightist rebels.

But the Communist Party of the Philippines dismissed the government initiative, saying that the basic problems that drive people to take up arms have not been solved.

The bishops also called for the implementation of a community-based intensive reforestation program; they earlier adopted an anti-logging stance.

The PIC also criticized the government's insistence on operating the Bataan nuclear power plant, saying the plant was "a testimony to our own folly, a monument to our propensity to self-destruction."

It thus urged government to convert the plant to an "environmental-friendly" conventional power plant.

The PIC called for a review on the government's attitude toward the country's foreign debt.

"Repeal the automatic appropriation law, adopt a debt cap and reject fradulent loans," the statement said.

The bishops asked government to give priority to and allot more funds for education, health, agriculture and infrastructure.

The PIC also said the Comprehensive Agrarian Reform Law [CARL] will remain "ineffective" for as long as Congress was dominated by landlords. The bishops called for CARL's repeal and urged peasants to initiate a People's Agrarian Reform Code.

Ramos Rejects Increase in Minimum Wage

HK0508054992 Quezon City MALAYA in English 5 Aug 92 pp 1, 9

[By Cherry Velarde—italicized passage published in Tagalog]

[Text] President Ramos yesterday rejected organized labor's demand for a P25 [pesos] increase in the minimum wage, saying the economy cannot absorb wage adjustments this year. He offered instead a package of non-wage benefits including livelihood assistance and more social security benefits.

Sen. Ernesto Herrera (LDP) [Struggle of Filipino Democrats] secretary general of the Trade Union Congress of the Philippines [TUCP] walked out of the Malacanang meeting after leaders of the Federation of Free Workers [FFW] criticized his wage proposal. He said later he had to attend the Senate session.

"I think that meeting (was) a trap. I consulted them before on this and now they (FFW) are saying they cannot yet agree on the amount of the increse," he said.

Herrera also said he was lukewarm to the President's proposal to leave minimum wage increases to collective bargaining. "The minimum wage now is P89. To say that you are leaving any increase in the minimum wage to collective bargaining is unimaginative," Ramos told some 30 labor leaders:

"At this time we are in a difficult situation...We want a reasonable opportunity for investment. Any wage increase now will have a reaction to the bureaucracy and at the same time we don't want businesses to fail."

The meeting was attended by leaders of the TUCP, the Labor Advisory and Consultative Council, and officials of the labor department.

Ramos ordered the labor department to convene a meeting among leaders of business, labor and government to discuss the P25 wage proposal.

Carmelita Pineda, chairman of the National Wage Productivity Commission, said the results of the proposed tripartite wage meeting will not affect deliberations of the regional wage boards which are mandated by law to enact wage measures at the regional level.

The national daily minimum wage stands at P89. The National Capital Region wage board, however, has pegged the minimum wage rate in Metro Manila at P118 a day.

Presidential Spokesperson Annabelle Abaya said Ramos told labor leaders he will:

—Allow labor representatives to sit in the boards of the Social Security System. Overseas Workers Welfare Administration and the National Conciliation and Mediation Board.
—Provide funds for livelihood projects and sustain the government's campaign to curb rising prices, inflation and interest rates.
—Increase social security coverage for workers.
—Order the Department of Trade and Industry to deputize workers to monitor prices.
—Study a proposal to abolish the National Labor Relations Commission which reportedly has a backlog of 38,000 cases.

Labor leaders said that while they welcome the President's incentive package, they will still insist on the P25 increase.

"We feel the workers have lost their purchasing power, but we accept the review (of the wage proposal) and his other offers," Democrito Mendoza, TUCP president, said.

Crispin Beltran, KMU [1 May Movement] chairman, said his group will study the President's proposals. "We are still vocal about future wage increases, but we are in the process of familiarization. *That is why we will hold talks first before protesting,"* he said.

The FFW, the only labor group which supported Ramos in the last elections, said instead of a wage increase, government should provide for a living allowance of P50 to be given on a "one-shot" basis.

Homer Punsalan, TUCP spokesman, said other labor leaders did not push hard enough for the wage increase. "Some labor leaders did not show determination in demanding a new wage increase and we are not too happy about it," Punsalan said.

The Employers Confederation of the Philippines [ECOP] said it was "happy" with the results of the meeting. "It's really the function of the wage boards to address wage issues," Vicente Leogardo Jr., ECOP executive director said.

Legoardo a former deputy minister of the labor department, said a P25 wage increase will advsersely affect labor-intensive industries liek garments and manufacturing.

Thailand

Consul to Ho Chi Minh City on Ties With SRV

BK0508013792 Bangkok THE NATION in English 5 Aug 92 p A6

["Excerpt" of interview with Snanchat Thewahastin, first Thai consul general in Ho Chi Minh City, by Yindi Loetcharoenchok; date, place not given]

[Text] [Yindi] When will the Thai consulate-general in Ho Chi Minh City be inauguarated, and where in the city will it be located?

[Snanchat] Currently I am awaiting the royal commission designating me as the Thai consul-general to Ho Chi Minh City. Then I have to travel first to Hanoi to hand over the royal commission to the Vietnamese deputy foreign minister before I can officially take up the post. In fact, Vietnam had earlier approved my appointment to the position, but there remains protocol to follow.

There will be altogether eight officials including me at the mission. One of them will be from the Export Promotion Department of the Commerce Ministry.

Vietnam has already agreed to our use of the former premises of the Thai Embassy to South Vietnam, to house the consulate-general. We bought the two-rai compound with two colonial-style buildings in 1954, but evacuated it after the fall of South Vietnam in 1975. Since then, the compound has been well looked after by the government of Vietnam.

However, the whole complex needs a total renovation, and we want to complete it by December 5. We will renovate and modify the complex to serve as a multi-purpose functional office together with a residence, a meeting room, and a space for holding cocktail receptions. For the time being, we will rent an office and living quarters for all the consulate staff members.

There are already 10 foreign consulate-generals in Ho Chi Minh City, and we will be the eleventh to open there.

[Yindi] Will there be any restrictions on the Thai mission in Ho Chi Minh City, and do you foresee any difficulties arising from the day-to-day activities of the Thais?

[Snanchat] In principle, when a consulate-general is opened up in the South, its duty and assignment are to oversee all the activities in the South. We have been informed that we will be restricted to the periphery of Ho Chi Minh City, but an assurance was given that upon our request we will be permitted to travel outside the city and to other provinces.

The permit can be approved in one or two days. We are ready to comply with the Vietnamese rules and regulations, but we want to be secured of our diplomatic status as Thai representatives while we travel.

The other thing is land ownership rights of the former Thai Embassy. Even though we bought it in 1954, the present Vietnamese constitution and laws forbid foreign purchase and ownership of land, thus revoking our rights and ownership to the former property. Hanoi already approved our ownership of the two buildings, but not the land. We want a reciprocal treatment and will have to negotiate with Hanoi on that.

Vietnam still faces many obstacles in its economic reforms. These impediments come in the form of a lack of basic infrastructure, antiquated transportation facilities, poor communications systems and shortages of water and electricity supplies. But once the US economic embargo against Vietnam is lifted, the country will be able to catch up quickly with its Southeast Asian neighbours.

[Yindi] What is the objective of having a Thai consulate-general in Ho Chi Minh City?

[Snanchat] The Foreign Ministry has long seen the need of having a consulate-general in Ho Chi Minh City as a Thai representative to the southern part of Vietnam to coordinate with Vietnamese officials and to help resolve both impending and existing problems mainly in fishery. The Thai Embassy in Hanoi is a bit far off, about 1,750 km from Ho Chi Minh City. Even Bangkok is closer to Ho Chi Minh City than Hanoi to Ho Chi Minh [City].

Simply, the objectives of having a Thai mission there is to promote and strengthen Thai-Vietnamese economic cooperation. But the actual work is very diversified, because about 90 percent of Thai business and investment is in Southern Vietnam especially in Ho Chi Minh City, and 80 percent of the total foreign investment in Vietnam is also in the South. The economic prospects and expansion will be mainly in the South.

As of May this year, 27 Thai companies were registered with Hanoi to operate or start business and investment in Vietnam. We expect the number to increase in the future, as many applications are pending Vietnamese approval. Most of Thai business in Vietnam is in trading, airline business, banking, etc.

We plan to establish an information centre or a data bank in the office to provide information and advice, facilitate contacts between the Vietnamese government officials and Thai businessmen, monitor the economic development in Southern Vietnam. The consulate-general will keep the Thai Government and the private sector abreast of the updated information and development so that they can set and adjust their policy guidelines.

Vietnam is unique. While the central government in Hanoi has its own economic rules and regulations and has to approve and endorse a trade or investment agreement, every Vietnamese province also has its own rules and regulations and has to approve and endorse a trade or investment agreement, every Vietnamese province also has its own rules and regulations, and have the rights to approve economic pacts. Some Thai businessmen ignorant of these Vietnamese systems, frequently find themselves in problems.

At the same time, the experience of Thailand in economic development in the past 20 years can be a lesson for Vietnam to pick and choose. Examples include negative consequences from tourism development and environmental impacts from certain industries. Thailand does not support such development and we do not want Vietnam to repeat the same mistake. At the same time, we do not want Thai industries to cause the same problems in Vietnam.

Prime Minister Anan Panyarachun wants Thailand to help Hanoi in its economic recovery, as the peace and security of the region relies on the well-being of the neighbouring states. Vietnam also has a role to play in the development of the region and Thailand should work to minimize conflicts between the two countries.

At the same time, the mission in Ho Chi Minh City will handle consular services such as issuing visas to Vietnamese people and foreign residents who want to come to Thailand. It will carry out notarization of documents for Thai merchants and investors there.

We also have a duty to look after and protect the Thai people and their interests in Vietnam, especially in southern part of the country.

Apart from those economic priorities, the Thai office will try to promote and strengthen social and cultural ties. Mistrust between both countries has ended and Thailand wants to be a friend of Vietnam. Our office will try to promote better understanding and contacts between the peoples of two countries.

Committee Formed To Search for Missing Persons

BK0508011592 Bangkok THE NATION in English 5 Aug 92 p A1

[Text] The government announced yesterday the setting up of a committee comprising representatives from the armed forces, police and the Interior Ministry to search for people who went missing during the political turbulence in May.

Underlining the seriousness of government efforts, newly-appointed Army Commander in Chief Wimon Wongwanit pledged full army assistance even if the search affected military personnel.

New Supreme Commander Woranat Aphichari indicated that the investigators would, for the first time, interrogate low-ranking soldiers involved in the bloody crackdown on pro-democracy demonstrators on Ratchadamnoen Avenue between May 17 and May 20.

More than 600 people remain unaccounted for after soldiers opened fire to quell the anti-military uprising, killing scores of people and wounding hundreds.

The military has denied allegations that the bodies of many victims were taken by truck from the scenes of the violence and dumped at unknown sites.

Pro-democracy groups said previous attempts to locate the suspected "massacre graveyards" have been hampered by military leaders.

But hopes for a more effective search rose after last week's dramatic military reshuffle that installed widely-respected Wimon in the most powerful position in the armed forces.

Asked yesterday if the army will pursue the search even though the operation might "affect some people" in the military, Gen Wimon said: "Yes, I can guarantee that the majority's interests are more important (than individuals')."

Later, Wimon, ACM [Air Chief Marshal] Woranat, Defence Minister Banchop Bunnak, new Air Force Commander in Chief ACM Kan Phimanthip and Navy Commander in Chief Adm Wichet Karunyawanit met Prime Minister Anan Panyarachun and Interior Minister Phao Sarasin at Government House to discuss the issue.

Anan said the formation of the new committee would be completed within two or three days and the panel would comprise "senior people" from the Interior Ministry and the armed forces, including the police.

An Interior Ministry committee has been searching for the missing people but pro-democracy activists have described its efforts as lacklustre.

Anan said he asked the military yesterday to "cooperate more" in the search.

Supreme Commander ACM Woranat echoed Wimon's statement that the military would make serious efforts in searching for the missing people.

"Everybody who may still harbour scepticism towards the military can be relieved now because the military is not working alone and the chairman of the search committee is not a soldier," Woranat said.

"Soldiers will give assistance. And we'll do it seriously."

Pol Gen Phao, who is also deputy prime minister, will chair the new committee.

Asked about allegations that bodies removed from Ratchadamnoen Avenue during the May uprising had been buried in military- controlled areas, Woranat said, "That will be investigated by the committee."

The supreme commander said he believed the committee would interrogate low-ranking soldiers involved in the Ratchadamnoen crackdown.

"I cannot say on behalf of the committee that it will definitely question the soldiers but I believe the committee will do that," he said.

Junior soldiers who took part in the brutal suppression have been confined to their barracks, out of reach of government and parliamentary investigators as well as the media.

The issue of missing people received fresh attention after the weekend reshuffle pacified the pro-democracy movement which had demanded punishment of top military leaders blamed for the bloodbath.

"The prime minister is determined to solve this problem which has made him feel unhappy," said ACM Kan.

On Monday Anan said the results of the Defence Ministry's investigation into the May events showed that the military used "excessively violent" means to suppress protesters.

Defence Minister Banchop said the results of the investigation would be make public "at an appropriate time".

Banchop denied knowledge of reports that Anan, who has been under tight security since the transfers, was facing threats of reprisal for the military reshuffle.

"I don't know anything about it," the defence minister said.

"Thai people are vindictive," he said.

"During his meeting with the top brass yesterday, Anan said he asked them to "convey my regards" to former army chief Gen Itsaraphong Nunphakdi and former supreme commander ACM Kaset Rotchananin, who were transferred to become deputy permanent secretary for defence and inspector general, respectively, in the dramatic reshuffle.

Newly-appointed Supreme Commander Woranat Aphichari reiterated yesterday that the military would stay away from politics "before and after" the September general election.

"We have been taught to become soldiers, so we will remain soldiers," ACM Woranat said after he and other new military leaders met Prime Minister Anan Panyarachun at Government House.

"This is a pledge. Soldiers who want to play politics must leave the military service first."

Woranat said the military would abandon its traditional role as a political kingmaker and give parties a free hand in forming a post- election government.

Army Commander in Chief Wimon Wongwanit and Air force chief Kan Phimanthip, both of whom rose to power along with Woranat, have made similar promises.

Minister Says Military Leaders Accept Transfer

BK0408145792 Bangkok Army Television Channel 5 in Thai 1230 GMT 4 Aug 92

[Text] Defense Minister General Banchop Bunnak reaffirmed that the transfer of military leaders was acceptable to senior military officers. The defense minister made the remarks when talking to reporters at Government House before attending a cabinet meeting this morning. It was the defense minister's first comment on the issue since the royal command transferring military leaders was issued last Saturday. He said that it was good that several officers affected by the transfer accepted the decision and were willing to follow the order.

Regarding the search for the people still listed as missing during the May event, General Banchop said that the military was willing to extend full assistance in regard to the matter.

[Begin recording, in progress] [Banchop] I believe that everybody in the military is willing to extend assistance as much as possible.

[Correspondent] Do you think it is possible to find them? I think they can be found if there is full cooperation by all sides concerned.

[Banchop] I still do not know where and how they became missing. I cannot say whether they can be found. [end recording]

In addition, Defense Minister General Banchop said he had not received any threats following the transfer.

Air Force Commander on Reshuffle, Future Plans

BK0508013592 Bangkok THE NATION in English 5 Aug 92 pp A1, A2

[Text] Air Force Commander in Chief ACM [Air Chief Marshal] Kan Phimanthip said yesterday he would reorganize the air force hierarchy in the annual military reshuffle due in October to "put the right men in the right places".

Asked to comment on speculation about an imminent purge in the air force, ACM Kan said: "No. I would not put it that way. There will be some reshuffle. It's like moving into a house, one is supposed to sweep the house and tidy things up.

"We will put the right men in the right places. Competent officers will be given the jobs they deserve," ACM Kan said.

The air force chief said he would take up unfinished tasks initiated by his predecessor, ACM Kaset Rotchananin, provided they were right but would correct "inappropriate things". He did not elaborate.

He said he had not met Kaset since his appointment to the air force's top post but he would meet him tomorrow to discuss the handover ceremony scheduled for Monday.

Prime Minister Anan Panyarachun's reshuffle order last Saturday marked a triumphant return for Kan who previously served in the largely ceremonial post of deputy supreme commander.

Kaset, also former supreme commander, and former army chief Gen Itsaraphong Nunphakdi, who were blamed for the May 17-20 bloodshed, were transferred to the inactive posts of defence inspector general and deputy permanent secretary for defence, respectively.

ACM Kan said he did not have any plan for major arms acquisition because Kaset had bought enough weapons for the air force. Kaset had proposed the purchase of billions of baht worth of arms but the first Anan administration rejected virtually all suggestions.

The air force chief said he would follow Defence Minister Banchop Bunnak's instruction to promote professionalism among air force officers and depoliticize the armed forces.

"Air force officers shall not be involved in politics and must return to their barracks. We will demonstrate our commitment to professionalism in a concrete manner," he said.

ACM Kan said the air force would expand its auxiliary role in national development by building up the capability to help implement government policy, particularly the effort to improve the standard of living of the people.

The air force chief said Supreme Commander Woranat Apichair had also instructed armed forces commanders to maintain their military preparedness and at the same time to be on standby to support the government and the public in development works.

On the air force's state of preparedness, Kan said given the upcoming delivery of a new squadron of F-16 jet fighters and existing weapons and manpower, the air force was fully prepared to defend the national interest.

"With the arrival of the new squadron of F-16s, we will have a much greater air strike capability and no one will want to mess around with us. We will be able to deter any threat to our national interest," he said.

ACM Kan said he would also concentrate on efforts to boost the morale of air force personnel by improving their welfare, including building of affordable housing units for officers and their families.

Asked to comment on public criticism about the use of the air force officers' club by a right-wing group for its meetings, Kan said he would deny the group access to the air force facilities.

Anan's Leadership Role in Reshuffle Viewed

BK0208022192 Bangkok BANGKOK POST in English 2 Aug 92 p 4

["Weekend analysis" by Banyat Thatsaniyawet]

[Text] The transfer of the military chiefs responsible for the May tragedy was a time bomb that everyone was watching apprehensively. The concern was whether or not it could be quickly disarmed before the big brass and some in political circles could use their influence to dictate the outcome.

Prime Minister Anan Panyarachun took on the leadership of this temporary government at a crucial turn after the bloodbath of Black May, and everyone has been placing their hopes in his ability and courage to do away with what is evil and establish what is right for the country.

This had to be done before an elected government takes office, because an elected government would face many more limitations in dealing with the military.

Many were impressed with Mr Anan when he stood up to military officers in his first Cabinet and prevented a monopoly on the three million telephone number project, even though he was appointed by the National Peace-keeping Council.

That action destroyed the monopoly attempt and created a lot revenue for the government.

For the second Anan government, the main duty is to see to a just and fair general election and investigate the brutal suppression of prodemocracy protesters so as to take appropriate action over those responsible, in the hope of preventing a recurrence of such an event.

After dissolving Parliament, Mr Anan gave increased responsibility to the PollWatch Commission to look after the general election, and tried to stimulate the

conscience of the various groups in society to use their good judgement in the coming polls.

As for the investigation into the shooting, the committee set up by Parliament was dissolved with the dissolution of the House.

The government committee headed by Mr Sophon Rattanakon is about to round up its findings, and the Defence Ministry committee, headed by Gen Phichit Kunlawanit, has completed its investigation and had sent its findings to Defence Minister Banchop Bunnak, who handed them to Prime Minister Anan earlier this week.

Before last night's announcement, there had been rumours there would be a speedy transfer of the Armed Forces chiefs involved in the bloody suppression of the people on Ratchadamnoen Avenue between May 17 and 20.

Now that this has been done, it will open the way for the new military chiefs to consider the annual reshuffle of other military leaders in time for September, when the reshuffle is to take effect.

It had been expected ACM [Air Chief Marshal] Kaset Rotchananin would have to leave his Air Force Commander-in-Chief and Supreme Commander posts, Gen Itsaraphong Nunphakdi would leave his Army Commander-in-Chief post and Lt-Gen Chainarong Nunphakdi would leave his First Army Regionf Commander post.

But last week saw systematic opposition from soldiers close to the military chiefs who would lose their power.

There was also a gathering of public relations officers from all the Armed Forces at the birthday of Maj Gen Chatturit Phromsakha na Sakon Nakhon—the Army secretary—on Friday.

At the party Deputy Army Chief-of-Staff Lt-Gen Yutthana Khamdi announced once again that the call for the transfer did not come from the majority of the people and could not be accepted.

Maj-Gen Chatturit had announced before that soldiers would stand by their commanders "to the end."

Moves by these officers at a time that the country has been demanding those responsible for the May massacre be held accountable cannot be seen as anything but interference in the decision the Prime Minister was about to make on the transfer and which was announced yesterday.

The situation was no different to when former prime minister Gen Prem Tinsulanon sacked the then Supreme Commander and Army Chief Gen Athit Kamlang-ek, who had been a thorn in the side of his government.

Then soldiers came out to protect their boss while Gen Prem faced strong pressure and even threats.

It was a time bomb about to explode if bravery could not be used to defuse it.

But Gen Prem decided to do just this at the correct time by relieving Gen Athit of his Army Chief post and appointing Gen Chawalit to replace him.

This provided a good precedent for Mr Anan who appears to have chosen the right time to defuse the bomb for the safety of the country and the people.

Above all last night's announcement transferring the top brass demonstrated that Mr Anan had the courage to act in the way people had been trusting he would.

His brave action should certainly diffuse factionalism within the military as well as promoting a better political important during the forthcoming election when, as a result of Mr Anan's decisions, the opportunity for military meddling should now be greatly reduced.

The bold action should do much to improve the country's image abroad, so badly shattered in May.

4 Arrested in Theft of U.S. Aid for Laos

BK0308040192 Bangkok THE NATION in English 3 Aug 92 p A2

[Text] Two Thai police officers and two Lao men were arrested separately on Saturday on charges of alleged conspiracy in the theft of US$2 million in American financial aid for Laos, a senior provincial police officer said yesterday.

Nong Khai Chief Inspector Pol Lt Col Thachutha Somprasong said Pol Sgt Maj Pricha Thamsakun and Pol Sgt Maj Wirachat Wannaphrom, from Regional Headquarters 6, were arrested in Khon Kaen province.

They were brought on the same day to Nong Khai police station where they put in solitary confinement.

Lao police recently asked their Thai counterparts to look for two employees of the Lao national bank who stole the money last Tuesday and fled to Nong Khai.

They said the Lao government sent a helicopter to take delivery of the cash from an aircraft which landed in Vietnam last Tuesday morning.

The helicopter returned to Wat Tai Airport in Vientiane the same afternoon.

Two Lao national bank officials, who were assigned to take delivery of the money in a bank vehicle, hijacked the vehicle and forced the driver at gunpoint to go to the Mekong River bordering Nong Khai province where the two escaped with the cash.

On Saturday, Nong Khai police said two Lao men, whose identity was not available, were captured in the province.

The two were from Vientiane's Baan Na Ang area bordering Nong Khai's Sangkhom district.

Police said two Thai police captains were also suspected of involvement in the theft.

A TV report last night said a Thai police captain, from Roi Et province, had been arrested on the same charges and police were hunting another.

Police refused to reveal the identity of the two police captains, it added.

Over 2,000 Candidates To Run in 13 Sep Election

BK0108070292 Bangkok Radio Thailand Network in English 0000 GMT 1 Aug 92

[Text] More than 2,000 candidates have registered to run in the forthcoming general election on 13 September. They are from 12 parties, namely Chat Phatthana, Democrat, Phalang Tham, New Aspiration, Chat Thai, Seri Tham, Solidarity, Social Action, Muanchon, Prachakon Thai, Ratsadon, and Phalang Prachachon. Each party is required to file at least 120 candidates in accordance with the Constitution.

In Bangkok, 256 candidates from 10 parties have registered to vie for 35 parliamentary seats. The five-day registration period which began last Monday ended yesterday.

Vietnam

Vice Chairman Receives Chinese Delegation

BK0408144392 Hanoi VNA in English 1414 GMT 4 Aug 92

[Text] Hanoi VNA August 4—Vice Chairman of the Council of Ministers Nguyen Khanh received here today the visiting delegation of the Chinese Archives Department led by its deputy head Zhang Chengliang. Present at the reception were Do Ngoc Phac, acting head of the National Archives Department, and Political Counsellor of the Chinese Embassy in Vietnam Li Jiazhong. Vice Chairman Nguyen Khanh welcomed the delegation's visit as a contribution to the cooperation between the two countries in the field of archives. For his part, Zhang Chengliang expressed his wish for further development of bilateral cooperation in archives activities. He thanked Vice Chairman Nguyen Khanh for his warm reception. The Chinese delegation paid tribute to President Ho Chi Minh at his mausoleum and visited his home and office.

It discussed with officials of the national archives department possiblitis of professional cooperation and cooperation in personnel training.

Red Cross Sends Letter to Prince Sihanouk

BK0508072192 Hanoi VNA in English 0630 GMT 5 Aug 92

[Text] Hanoi VNA August 5—The Vietnam Red Cross Society has sent a letter to Prince Norodom Sihanouk, president of the Supreme National Council (SNC) of Cambodia, about a group of the Khmer reactionaries' killing of two Vietnamese families in Kampot Province, Cambodia.

On behalf of its 3 million members, the letter says, the Vietnam Red Cross hopes that the prince and the Red Cross and people of Cambodia would extend humanitarian assistance to foreign residents who are living and working in Cambodia, especially protection of the lawful right to life of the Vietnamese residents so that the people of Vietnam and Cambodia can soon rebuild their respective countries in prosperity, friendship and durable peace in the region.

Embassy Spokesman Refutes Troops Presence Claim

BK0508115892 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 5 Aug 92

[Text] According to AFP, the radio of the Democratic Kampuchea faction on 1 August reported that Democratic Kampuchean troops had captured two Vietnamese soldiers in Phnom Penh government's military uniforms near Treng Tryoeng.

A spokesman for the Vietnamese embassy in Cambodia on 4 August issued a statement, refuting this as a sheer, ill-intentioned fabrication and reaffirming that Vietnamese troops have completely withdrawn from Cambodia since September 1989 and Vietnam has since not sent any troops, advisers, or military experts back to Cambodia. The UNTAC [United Nations Transitional Authority in Cambodia] was officially informed by Vietnam of this fact on 30 May 1992.

The fact that the radio of the Democratic Kampuchean faction has continued to spread fabrications about the presence of Vietnamese troops in Cambodia is aimed at covering up their grave violations of the Paris peace accords on Cambodia for which they are being sternly condemned by public opinion.

Generals Attend War Invalids Conference

BK0508051392 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 Aug 92

[Text] On 26 July, Lieutenant General Le Kha Phieu, secretary of the Communist Party of Vietnam [CPV] Central Committee and head of the Vietnam People's Army [VPA] General Political Department; and Senior Lieutenant General Dang Vu Hiep, deputy head of the VPA General Political Department, on behalf of the Ministry of National Defense, met with representatives of war invalids who are attending the second national conference of war invalids and families of the fallen soldiers, currently held in Hanoi.

The generals solicitously enquired about the health of and cordially talked to these war invalids who had

sacrificed their limbs for the cause of the revolution. At present, these people have still consistently contributed their energy and intelligence to the cause of national construction and defense.

At the meeting, sick and wounded soldiers as well as war invalids of units from throughout the country expressed their profound gratitude for the good care provided them and their families by the party, state, the Armed Forces, and people.

Lieutenant Colonel Ho Thai Hoan, on behalf of the war invalids, pledged that they will strive to study and work hard to uphold the revolutionary impetus and enhance the quality of their work so as to fulfill all the assigned tasks to be worthy of the love and assistance extended to them by the entire party and people from throughout the country.

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